

# BULLETIN

OF THE  
NATIONAL ASSOCIATION OF CREDIT MEN.

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# NEW MEMBERS REPORTED DURING AUGUST.

## ABILENE, TEXAS.

Minter Dry Goods Co.....W. A. Minter, Jr.  
Weaver, Morgan Co. ....Morgan Weaver  
Western Drug Co., The .....E. L. Kinsolving

## ALBUQUERQUE, N. M.

Rothenberg & Schloss Cigar Co., The.....E. S. Rosenwald

## BALTIMORE, MD.

Calvert Stove & Htg. Co. ....Charles S. Austin  
Elliot, Ottenheimer & Elliot .....R. M. Ottenheimer  
Lobe, Phillip, & Son .....Harry G. Lobe  
Moses, M., & Son .....Phillip M. Moses  
Natl. Building Supp. Co., The.....Harry P. Boyd  
Reiter, Andrew, & Co. ....Chas. T. Beall  
Underwood Typewriter Co. ....W. C. Waddell

## CHATTANOOGA, TENN.

Chattanooga Roofing & Fdy. Co.....J. C. Adams

## CINCINNATI, OHIO.

Lawrence, F. D., El. Co. ....A. S. Riechman  
Macdonald & Kiley Co. ....J. A. Graydon  
Wolf Bros. & Co. ....

## DENVER, COLO.

Rocky Mountain Gem Co. ....J. G. Raine

## KENDALLVILLE, IND.

McCray Refrigerator Co. ....E. E. McCray, Pres.

## MEMPHIS, TENN.

Burkhardt Adjustment Co. ....H. A. Burkhardt  
Currie-McCraw Co. ....E. A. Moore

## MILWAUKEE, WIS.

Credit Clearing House, The.....C. B. Curtis  
Oriental Trading Co. ....Ernest Bersback, Prop.  
Sattler, Fred. C., & Co. ....Fred. C. Sattler  
Van Brunt Mfg. Co., The.....Fred. H. Clausen

## MINNEAPOLIS, MINN.

Kuntz Oil Co.....J. F. Kuntz

## NEW ORLEANS, LA.

Burkenroad-Wilcox Co. ....Dave Burkenroad  
Canal-Louisiana Bank & Trust Co.....J. F. Couret  
Cormier, Chas. E., Rice Co.....G. V. W. Lyman  
Hernandez, Chas. & Co.....Chas. Hernandez  
Hibernia Bank & Trust Co.....L. M. Poole  
Landauer & Mayer .....Elias Landauer  
N. O. Queensware Co. ....Samuel Silverstein  
Pelican Cracker Factory, The.....F. H. Cartwright  
People's Sav., Tr. & Bank Co.....Jos. Collins  
Toppino, Seidenbach & Larose .....Jos. Seidenbach

## NEW YORK, N. Y.

Bass, E. & J.....Marcus Brand  
Carnegie Trust Co. ....Harry H. Buxbaum  
Commercial Waist Co. ....Jacob M. Rosenblum  
Cone Export & Comm. Co. ....R. Lindheim  
Eastern Brass Co. ....Cuyler K. Sanborn

Shapiro Bros .....Max J. Shapiro  
 Tuska, A. L., Son & Co.....Elmore E. Anderson

#### PARIS, TEXAS.

Collins & Dulaney Sadd. Co.....Robert Hurt, Mgr.  
 Paris Oil & Cotton Co. ....S. W. Wilbor, Treas.  
 Rodgers-Wade Furn. Co.....W. C. Clark, Secy.

#### PITTSBURGH, PA.

Bien, C. A. & A. J.....M. A. Bien  
 Brown, Walter D. ....  
 Gunn, Charles A. ....  
 Hill, W. S., Co. ....F. A. Ensign  
 O'Brien, G. G. ....L. P. Scoville  
 Park, John Crawford .....Allegheny, Pa.  
 Phillips, J. & H.....  
 Pittsburgh Rubber Co. ....A. S. Bullock

#### ST. LOUIS, MO.

Bishop & Eberle Mfg. Co.....C. H. Bishop

#### SALT LAKE CITY, UTAH.

Bailey & Sons .....Bert Bailey  
 Cline, I. & Bro.....A. B. Cline  
 Fisher, A. Brewing Co.....Mr. Folger  
 Sparks Candy Co.....Mr. Olsen

#### WAXAHACHIE, TEXAS.

Citizens National Bank .....O. E. Dunlap

During the last few months the national office has received from members the names of a large number of concerns who are eligible for membership in the association. Correspondence has been opened with the parties so reported, and the results so far have been very encouraging. Members can contribute materially to the future growth of the organization by sending to the national office the names of their business friends and connections who are not now members of the association.

The new membership list will be put on the press on October 1st. Members are requested to examine the address under which this copy of the BULLETIN reaches them and report promptly any inaccuracy in the same.

#### Notes.

**When the Bulletin is not received regularly by members, the fact should be reported to the national office.**

H. E. Choate, of the J. K. Orr Shoe Company, was recently elected the president of the Credit Men's Association of Atlanta.

At the recent meeting of the Nashville Credit Men's Association, James L. McWhorter, of Montgomery-Moore Mfg. Co., was elected president, succeeding E. O. Harris, of Harris, Davis & Co.

Second Vice-President David S. Ludlum and Frank S. Evans, of the Philadelphia Association, whose duties bring them frequently to New York, were in the national office recently.

On September 15th, C. S. Dashiell, formerly of the Burnham-Hanna-Munger Dry Goods Co., of Kansas City, assumes the work of secretary of the Memphis Credit Men's Association.

Charles W. Rankin, who for many years represented his house, Brock & Rankin, in the Chicago Credit Men's Association, died August 14th. He was a highly valued and loyal member of that organization.

The National Wholesale Grocers' Association has issued a tabular compilation of the main provisions of the food laws of forty-five states. Food manufacturers and wholesalers and retailers will find it of great value.

Richard P. Messiter, who presides over the credit department of the dry goods commission house of Minot, Hooper & Co., New York, started for Europe September 11th on a recreation trip. He expects to be at his desk again by November 1st.

Geo. H. Thomas, secretary of the Oklahoma City Credit Men's Association, has resigned his position with the New State Brewing Association to take the management of the Oklahoma City office of the Credit Clearing House.

The following extract is taken from a communication addressed to the national office by a member: "We are in receipt of your favor containing information regarding \_\_\_\_\_ Collection Agency, and thank you very much for the same. Would state that we consider this information as alone worth the cost of a year's membership."

R. S. White, who was formerly a member of the Chicago Credit Men's Association, representing the American Steel & Wire Company, has returned to Chicago after having been for some time in the San Francisco office of his company caring for its Pacific Coast business.

The National Association of Agricultural Implement and Vehicle Manufacturers will hold its annual convention this year at Hotel Chamberlin, Old Point Comfort, October 22-24. Secretary J. A. Sanford reports that present indications point to an unusually large attendance.

Byrne-Hammer Dry Goods Co., of Omaha, will open a branch in Salt Lake City upon the completion of the new Judge Building in that city. It is stated that the company contemplates opening next spring a warehouse and manufacturing plant.

G. W. S. Musgrave, a member of the Credit Men's Association of Baltimore, called at the national office during the last month. Mr. Musgrave is a strong exponent of the policy of prosecuting fraudulent debtors, which has received growing attention from this association of late.

Judge Holt, sitting in the United States Court, Southern District of New York, committed Abe Herman, a New York City marshal, to jail for sixty days for contempt of court. Herman removed goods from the place of business of a bankrupt after proceedings in bankruptcy had been commenced.

The International Law Association held its twenty-fourth annual convention in Portland, Maine, during the week of August 26th. Topics of vital importance to international trade were discussed, among them the "Effect of the Most Favored Nation Clause in Treaties," Sir Thomas Barclay of England presenting a special paper on this subject.



The Memphis Credit Men's Association has just received from the printer a booklet on "Reasons why you should become a Member" of the Memphis Association. It is a work of real merit in appearance and arrangement, and should be highly convincing in inducing new members to come into the association.

The result of the "Field Week" appointed by the Louisville Credit Men's Association as a week of special effort to bring in applications for membership resulted in increasing the membership by twenty-three new names. This result secured in mid-summer is very satisfactory, and the Membership Committee, under C. F. Dawson, intend to begin another campaign this fall.

The annual convention of the National Wholesale Druggists' Association will be held this year in Denver, Colorado, beginning September 30th. President John N. Carey has issued a call urging members to attend the meeting. He declares it is the duty of every member to give evidence of his loyalty to the organization by showing that much interest.

The National Wholesale Druggists' Association, in collaboration with George L. Douglass, counsel to the Proprietary Association, has prepared a compilation of state "pure drug" laws enacted since the passage of the National Food and Drugs Act of June 30, 1906. It has been so compiled as to facilitate a comparison of state laws with the national law, which makes it an invaluable handbook for wholesale druggists and manufacturers.

The Nominating Committee of the New York Credit Men's Association has reported its selection of the following for officers of the association, to be voted upon at the annual meeting, to be held September 19th, next: For president, W. S. Armstrong, of the American Felt Company; for vice-president, Howard Marshall, of Joseph Wild & Co., and for treasurer, Ed. E. Huber, of Eberhard Faber.

The American Bankers' Association will hold its annual convention this year at Atlantic City, Sept 25-27. An attendance exceeding that of any previous convention is expected. The principal addresses will be made by M. E. Ingalls, of Cincinnati, Ohio, and J. T. P. Knight, secretary of the Canadian Bankers' Association. The Entertainment Committee have provided a liberal program.

In his address before the annual convention of the New York State Bankers' Association held this year at the Thousand Islands, President Elliott C. McDougal spoke of the necessity of retrenchment in commercial enterprise until the constantly rising commodity and labor prices current to-day shall have reached a sounder basis even though in the process credit is disturbed and business troubles ensue. He expressed the belief that it is the duty of bankers to impress these facts upon their customers.

Andrew Alexander Bruce, Dean of the College of Law of the University of North Dakota, in a recent able address declares that the people of America are governed by their courts and not by their legislatures for the courts construe and apply all law and they can construe almost any statute so as to render it practically nugatory. Furthermore every statute in America must pass the criticism of a constitution and it is the courts alone which interpret these constitutions. The importance of the court in formulating our great industrial policies is therefore distinctly seen.

The report made to Attorney General Bonaparte upon the number of bankruptcy petitions filed in fourteen counties, of which San Antonio, Texas, is the central point, indicates a very prosperous condition in that section. For example, for the fiscal year ending June 30, 1906, this section had twenty-eight bankruptcy petitions filed, and during the fiscal year ending June 30, 1907, only twelve such petitions were filed.

The following is an extract from a recent issue of a newspaper of prominence in Tennessee: "The National Association of Credit Men, a recognized organization, has put the ban of disapproval upon 'fake' collecting agencies. These concerns have thrived in many cities, and are an injustice to merchants and public alike. The legitimate credit agency deserves to be encouraged and is a benefit to business men who are parties to its maintenance, but the 'fake' concern is an injury to any business which it victimizes."

The Interstate Commerce Commission has selected October 15 as the date for the hearing on the proposed uniform bill of lading, which Eastern roads are ready to adopt. Any railroads which are dissatisfied with the form recommended will be permitted to show cause why it should not be adopted. It is conceded by both the shippers and the railroads that the new bill of lading is an improvement upon the bill of lading proposed in December, 1903.

The fifth annual convention of the Associated Chapters of the American Institute of Bank Clerks, which was held in Detroit, Mich., August 22-24, was a complete success. Among the speakers on the excellent program arranged were H. J. Guckenberger, of the Atlas National Bank, Cincinnati, and Col. J. J. Sullivan, president of the Central National Bank of Cleveland, both of which institutions are members of the National Association of Credit Men. Mr. Guckenberger spoke at one of the business sessions on "Personality in Banking," and Col. Sullivan at the banquet on the subject "Our Future." The afternoon session of the first day was devoted to a discussion conducted by Franklin L. Johnson, of the Mercantile Trust Co. of St. Louis, on "The Credit Department of the Bank."

The Legislative Committee of the Birmingham Credit Men's Association, working under the direction of R. A. Porter, has been making strong efforts to secure the bulk sales law for Alabama. Their bill was passed by the Senate, but was tabled in the House by a small majority. An unusually large amount of legislation before the House made the success of the bill difficult to secure, but at a special session of the Legislature, which is looked for, the committee is sanguine of securing the final passage of the bill.

The bulk sales law, which the members of this association at Omaha and Lincoln succeeded in having enacted in Nebraska during the last session of the Legislature, is promptly coming before the court in the action brought recently under the new section by a couple of Omaha creditors against Rasmus K. Jensen, formerly in the retail tobacco business in that city, who failed to give advance notice to his creditors of his intention to sell out. The plaintiffs, besides asking that the sale of the stock be set aside, ask judgment for the amount of their claims.

The National office has received a copy of the reports of the Committee on Credits and Collections of the Wholesale Saddlery

Association presented at the annual meetings of 1906 and 1907. It is prepared particularly for the credit men of the concerns which are members of the Saddlery Association, and the 1906 report contains an unqualified endorsement of the National Association of Credit Men, especially its features of exchange of credit and ledger information and adjustments of insolvent estates. The Saddlery Association is well and largely represented in the various affiliated branches of the National Association of Credit Men.

At the convention of the National Association of Life Underwriters of the United States the Hon. E. E. Rittenhouse, Insurance Commissioner of Colorado, read a paper on "Fooling the Public; the Penalty." Mr. Rittenhouse had this to say regarding legislation: "Why not help legislate? The sending of delegates to address legislative committees and other bodies to influence legislation and public opinion is an excellent plan and should be continued, but that which will do infinitely more good will be to place in each legislature one able, clear-headed life insurance man. The best place to have a lobbyist is on the floor, elected by the people. I speak from experience when I say that the views of such men will command more respect and influence than they possibly could from the lobby."

One of the most bitterly contested international extradition cases within recent years was concluded recently by United States Commissioner Shields sustaining the contentions of former Assistant U. S. Attorney William M. Byrne and discharging John Finn, wanted by the authorities of the Transvaal. According to the complaint, Finn, who was engaged in business in South Africa, by selling out his business and coming to New York, had violated the English bankruptcy law, in leaving the country with the proceeds of the sale, being insolvent. The defense questioned the validity of the English bankruptcy law under the existing treaty. After repeated and prolonged hearings, Commissioner Shields finally discharged Finn.

The personal equation in granting credits has been again illustrated in the recent failure of a prominent Western shoe factory. In this instance the buyer was very popular with most of the young men among the trade with which he dealt, and all he had to do was merely to tell them that everything was all right in order to obtain liberal lines of credit, the latter being based merely on their friendship for the buyer. A few houses, however, who wanted a more tangible basis for credit declined to open accounts, with the result that their foresight and hardheadedness saved them from heavy losses, as the "friends" were left to mourn when the concern went to the wall with surprisingly heavy liabilities.—*Shoe and Leather Reporter*.

Through the single-handed effort of George G. Ford, of the Rochester Credit Men's Association, acting for his house Lewis P. Ross, one Edward M. Welch, of Kansas, has been denied a discharge from bankruptcy. In the words of the Special Master in Chancery in his report to Judge John C. Pollock, of the United States District Court: "I find that the bankrupt had obtained property on credit from the said Lewis P. Ross upon a materially false statement in writing made to said Lewis P. Ross for the purpose of obtaining property on credit, which he did obtain, and which false statement was relied upon and believed by said Lewis P. Ross, and which statement was the reason for extending the credit." Such cases of denial of discharge in bankruptcy where deception has been employed would become more frequent if credit men realized that their remissness is what encourages the making of false statements.

Members of the National Association of Credit Men are warned against entering into contracts with concerns soliciting bad and doubtful accounts for collection without first communicating with the Secretary of the Association or the Secretary of any affiliated branch. Under no circumstances should members pay fees in advance for services to be rendered in connection with the collection of such accounts.

## TRADE CONDITIONS AND OUTLOOK.

### Opinions from Credit Men to Credit Men.

The work of the credit man consists primarily of gathering information mostly of a specific nature, but with a background of general information as well—a knowledge of the leading industries of a given market to which his goods are shipped and the conditions and outlook of those industries from year to year. It is quite as important to get these general facts ungarnished, and from parties having no ulterior aims to influence their opinions, as to get true facts upon individual customers.

Credit men will, therefore, be glad to read the opinions of credit men given below upon the conditions and outlook in various trade centers over the country.

The writers are all prominent members of the association, and are known directly or indirectly to most of the BULLETIN readers. No class of men should be better able to inform of true general conditions than thoroughly tried credit men.

FROM C. S. FAXON, OF CARRUTHERS-JONES SHOE CO., MEMPHIS, TENN.

In regard to the trade conditions in this section and the outlook for the coming fall, I would say that the country merchant has been inclined to be very conservative in his purchases. While in some sections crop prospects are unfavorable, we believe that the South as a whole is in better condition than usual, and we look for a good trade throughout our immediate territory during the fall months.

We believe that the Southern merchant is inclined more than usually to buy from convenient markets and in small quantities, rather than to make heavy purchases at distant markets, until he has become satisfied with the crop prospects. His jobber, therefore, has to carry the heavy stock. This makes to the advantage of the local merchant, and, in the long run, we believe it will also benefit the jobbers, and will, undoubtedly, make credit conditions less complex.

FROM WILLIS DAVIS, OF THE SOUTHWESTERN DRUG CO., WICHITA, KAN.

Business conditions in the Wichita jobbing territory have been very favorable throughout the year with the exception of a few weeks of depression caused by the reports of unfavorable conditions in the wheat crop.

As Wichita is the center of a territory devoted almost wholly to agriculture, our trade prospects depend in a great measure upon the crop outlook and this was never more favorable. The wheat crop, in spite of early unfavorable conditions, made a fair yield. A bumper corn crop is assured, and in the southern and southwestern parts of the territory broom corn and cotton add materially to the agricultural resources.

The feeling here prevails that nothing can come between us and



a splendid fall trade, and every jobbing house in this city is doing more business than for the corresponding months of last year or of any previous year.

FROM WM. A. JOYCE, OF WM. H. WALKER & Co., BUFFALO, N. Y.

Thus far this year the shoe business has shown a gain in volume with us. This may not be the case in business, generally speaking, but conditions in and about Buffalo are such that it is only natural that there should be a steady improvement, for a large number of new industries are locating here, and this, together with the growth of the older concerns, naturally brings additional trade to Buffalo. Collections have shown proportional increase, with very few losses.

The general indications, as they appear to us, are that business will surely be good during the balance of the year, for the reason that the industries about here are contracted ahead for some time. We have in our near vicinity one of the largest, if not the largest, nut and bolt works in the world, and rumor has it that its entire possible output for 1908 is sold. Our hope is that the large corporations, railroads, etc., will not be persecuted instead of prosecuted. There is such a thing as crowding the large corporations too far. This, of course, is to be better appreciated and understood in the near future. We feel, however, that the affairs of the Government are in pretty good hands, and that the corporations, large as well as small, will soon be observant to the laws of the land. They should be answerable to the laws just as absolutely as an individual, and should be equally liable to punishment by fines, imprisonment, etc., for violating the same. Certainly some one is to blame for the gross acts of railroads and other corporations lately made public, and the individuals composing them should pay the penalty.

We certainly deeply appreciate the move of the Association of Credit Men in the carrying through of the bulk sale law in this and adjoining states. Between that law and the bankruptcy act we have very little trouble as compared with past years.

FROM R. H. WHITE, OF EVERETT, RIDLEY & Co., ATLANTA, GA.

The general business tone throughout the cotton-producing section is one of robust optimism. The outlook for fall trade in all lines was never more promising.

During the past sixty days what seemed to be a prospect for the scantiest crop known in years has developed into the promise of a splendid harvest.

The backwardness of the crops during the early season has produced conservatism on the part of the merchant and economy on the part of the farmer, so that good collections for the former, and more spending money for the latter seem to be assured.

Early frosts in some sections would, of course, diminish the cotton crop to a certain extent, but as a whole the South would not feel it, as any curtailment of the crop would proportionately increase the price of the staple.

The stringency of the money market at the financial centers is not expected to affect this section seriously, for the reason that advance contracts will readily absorb the first offerings of the cotton production, and a readjustment of the money situation may be looked for before the season is well advanced.

The surplus cotton from last season is practically a negligible quantity, and this would seem to afford a strong basis for a well-

sustained price. In this connection it is a significant fact that within the past sixty days cotton has been imported from Liverpool to supply the demands of American manufacturers.

While some lines of business locally appear to have sustained a slight decrease in volume, this is due, in part, to a conservatism in the extending of credits, but also, to a general tendency on the part of buyers to reduce heavy stocks carried over from last season, by restricting their purchases to actual needs. A brisk fill-in-business is looked for with confidence.

All things taken into consideration, the business interests of this section seem to be on a sound economic basis, and it would appear at this time that nothing short of a real disaster could forestall at least another twelve-month's prosperity.

FROM ARTHUR PARSONS, OF SALT LAKE CITY, UTAH.

Business during the present year in all lines has been good in these Intermountain States. The building of railroads, the development of mines, and the excellent crops of grain and sugar beets have all served to stimulate trade, and furnish abundant employment at good wages. Owing to partial failures of crops last season, collections have thus far been somewhat slow, particularly in the purely agricultural districts, but if good weather prevails for the harvesting of the heavy crops, and a fair market can be had for the products of the locality better conditions with regard to settlements may be anticipated.

There have been some labor troubles, but those of a local character have generally been quickly adjusted.

The producing mines have added considerable wealth to the community, and more mines are being brought to a productive condition and will no doubt continue to increase their large output. There is likely to be a serious shortage of coal, owing to the inability of mine owners to obtain sufficient labor and an apparent lack of transportation facilities.

The business of the West has grown to such an extent during the past five or ten years that the facilities for handling it have not kept pace with its increase, which fact seriously embarrasses the moving of goods both from the manufacturer to the jobber and from the jobber to the retailer. Should financial affairs in the East continue in normal condition there is no reason in sight why the West should not continue its wonderful era of development and progress.

FROM E. B. RUTHERFORD, OF M. SELLER & CO., PORTLAND, ORE.

Sixty-five per cent. of the wheat crop of this section is harvested by this time, and from Oregon, Washington and Idaho the reports come in that the crop is a bumper one and will bring higher prices than ever before at harvest time. In a few places there has been slight damage by rainstorms, and the indications are that there will be more, but this is not considered serious. It is estimated by men best able to make sound comparisons that we shall harvest the largest crop ever gathered in the three states named, and that it will bring the best prices.

Lumbering has been unusually prosperous during the entire year to August 1st. Since then prices have declined slightly, but the industry is still very remunerative, and in splendid shape, and with excellent prospects. The only disturbing element is a threatened

advance in freight rates by the transcontinental lines to the Middle West. This advance is, however, being actively fought by the lumber and mercantile interests in co-operation. Labor conditions in the lumber industry are settled.

The cattle and sheep industry is in excellent condition. Cattle and sheep have brought, and are bringing top-notch prices, and wool brought banner prices, with a clip above normal. The salmon pack was about the average, and prices are extremely high, due to the fine quality of our Columbia River salmon, universally recognized as the best in the world. The export of frozen salmon to England and Germany was in large proportions.

The small fruit crop, berries, etc., was good in every section, and prices were very satisfactory to the producer. The apple, pear, peach, and particularly the prune crop, show every indication of being considerably above the average, and prices are extremely profitable to the producer. Most of the apples, pears and prunes have been sold in the orchards, and at record prices.

The only discouraging feature that we can mention is the condition of the hop market. Hops, as is well known, are subject to extraordinary variations in price, and are a crop of great uncertainty. Prices this year are low, and as a consequence in many hop yards the crop will not be gathered.

Railroad building, both steam and electric, has been active in all three states, and greater activity is expected next year, as the country still needs great railroad development, and the eyes of the railroad world are turned our way. From the present outlook vast sections of hitherto undeveloped country will be opened up by new railroads within the coming year.

We feel that we are justified in anticipating that collections in all branches will be good this fall, and prospects for the next six months look to us as sound and hopeful as they have at any time for a number of years.

FROM OSCAR LOEFFLER, OF GOLL & FRANK CO., MILWAUKEE, WIS.

Business conditions in our part of the country are good, as is also the outlook for the remainder of the year. In the dry goods line, merchandise is in great demand, high in price, and scarce. Collections are normal. Our business this year will surpass in volume our most sanguine expectations. The territory which we cover is prosperous, although the harvests in certain sections are not of the best. Severe storms have done great damage in this state, especially to tobacco, but high prices obtained for all farm products make up for lack of quantity.

General prosperity is so well founded, that everybody feels confident "we are allright." Evidences of this feeling are seen at every hand. Travel for pleasure is large, and our summer resorts are filled. Fine homes are built everywhere. Wall Street and present rigid money conditions have, of course, caused our bankers to become careful and conservative, but they are able and ready to furnish customers what money they need in the ordinary course of business, and the average merchant, especially in the rural district, pays no attention whatever to news from Wall Street.

Our manufacturers are all very busy. In the mining districts wages are high and laborers scarce. More iron ore is being sent down the lakes than ever before. Railroads, car ferries, and steamboats in our vicinity have all the business they can take care of. The

feeling of uncertainty created by government action against big corporations is to be regretted, but the government's policy seems to have been necessary enough. As reassurance has already been given that no vicious litigation will jeopardize rights of stockholders, it is to be hoped that the country will soon become calm.

I enclose letters received from three directors of our local association, representing different lines. They certainly confirm my opinion, that the Middle West is in a healthy condition, and that credit men can O.K. the orders of customers, using only their well known good common sense.

FROM WM. I. LANE, OF B. J. JOHNSON SOAP CO., MILWAUKEE, WIS.

Our sales so far this year are ahead of last year, and material and labor is higher, with collections satisfactory.

We are behind in filling our orders, and are making arrangements to run our factory overtime. From present indications we are looking for a good business during the balance of the year.

FROM W. W. WALLIS, OF GOODYEAR RUBBER CO., MILWAUKEE, WIS.

As to the present condition of the rubber business, it is in my opinion normal. At this time of the year naturally our rubber boot and shoe department is very quiet, as is also the rubber clothing department, and the mechanical and sundry departments are about as usual for this season of the year.

The shoe and clothing departments have taken advance orders of such amount as to indicate that the business for the coming fall will be larger than usual.

Reports from our travelers, and from occasional customers who call, indicate that general business conditions are good. Crops are promising, and we confidently expect to have a larger business this fall and winter than we have had before.

FROM WM. B. STRONG, OF MILWAUKEE DRUG CO., MILWAUKEE, WIS.

The year's business so far in the wholesale drug line has been phenomenally good. We have never enjoyed so large an increase in business in any year since the writer has been connected with this concern, about seventeen years. As far as we can forecast the future, we see no reason why the same healthy business conditions should not prevail. Collections with us are very satisfactory, and the increase in trade seems normally legitimate and well distributed throughout our entire territory.

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### CASH DISCOUNTS.

A PAPER READ BY FRED. R. DRAKE, OF DRAKE & COMPANY, EASTON, PENNSYLVANIA, AT THE FIRST ANNUAL CONVENTION OF THE WHOLESALE GROCERS' ASSOCIATION.

The use of the term "discount" as applied to the grocery trade is understood to mean an allowance made for payment within a specified time, and if not made within that time the discount is lost to the buyer and accrues to the seller; in other words, a premium for payment ahead of the agreed-upon net terms of the purchase. This idea precludes proportionate allowance for discount for unexpired time, though certain trades so arrange their terms. Generally this is not



the practice of the grocery trade, ours being that if the discount terms are not availed of, the entire discount is lost to the buyer.

While there is not absolute uniformity as to a time for cash discount, the sugar refiners and some other manufacturers naming seven days and others as short a time as five days, ten days is the regularly recognized time for allowing a so-called cash discount. As nearly as possible then the jobber should conform his terms to the retailer to correspond with the allowance he gets from the manufacturer, and usually this is the case with the exception of sugar, where the jobber is allowing the discount in ten days instead of seven as received.

This paper is a presentation of cash discounts rather than terms and discounts. These understood terms and discounts throughout the country are more or less uniform, but the enforcement of them in some sections seem to have grown very lax; and harmonizing and making them uniform throughout the country seems to me to be one of the most important lines of work in which our association can engage.

Whether the abuse is as prevalent in the West as it is in the East I do not know, but in the East there has grown up the vicious practice of allowing retailers to take off their discount from bills that have been running a longer time than ten days.

As honorable jobbers, we must pay our bills in ten days at the longest in order to obtain discounts on goods we purchase; and on sugar, in seven days, as you know, many of us at certain seasons of the year becoming borrowers to do this.

In many instances jobbing houses in the East are allowing their customers to take off discount not only in thirty days, but practically when their customers see fit to pay their bills.

In our Lehigh Valley local association, composed of jobbers in Easton, Bethlehem, and Allentown, and in our Pennsylvania, New Jersey and Delaware state association, we are fighting this practice vigorously, but we realize that unless we can get the co-operation of the National Association and make a National Association matter of it, we will have to give way and accede to the practice ourselves, as we cannot withstand the influence of the greatest markets whose jobbers do business in our territory.

I trust, therefore, we may have the influence of the National Association in urging uniformity among the members of our association as to time and terms. Surely this is work along as legitimate lines as any the National Association can undertake, and if we, as jobbers, retain the proper profits that are already in the business we can make a great deal more money than we are making now.

This laxity in the allowance for cash discount occurs, of course, in competition, and to my mind is one of the most flagrant abuses of our trade.

If in merchandising, either by purchase of a larger quantity or good judgment of the market, my competitor is able to put goods in my market at a price lower than I can see my way clear to sell them, I look upon that as able and clever merchandising, but when the established terms of the trade on cash discounts are for ten days, to have him come into my territory and offer goods at the same price and get business away from me by changing the established terms of the trade, that seems to me an abuse that we by co-operation should correct. On the one hand it is vicious merchandising; and on the other, it is fooling ourselves for us to be fighting hard through our Discount Committee of the National Association to get cash discounts from the manufacturers, with all the power and influence

there is back of our association, and then give these discounts away to the retailer.

If in the spirit of co-operation we will not harmonize our terms to the retailer, how can we answer the argument of the manufacturer who refuses to give us a cash discount, when he says, "What's the use of giving you jobbers a cash discount when in competition with one another you give it away to the retailer after all?"

In many instances the jobber says, "This only occurs in special cases." In other words, he is preferring a favored few when the majority of his customers believe they are receiving the best terms he gives. This is "playing favorites" and pursuing a policy we so strenuously oppose ourselves in the case of the manufacturer selling direct a few large retailers and really discriminating against all the rest.

Surely we want to be consistent, and this subject covers a case where we can begin "setting our own house in order," and I hope we will see the desirability of doing it both from a utilitarian and an intuitional standpoint.

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### **We Are Too Busy in Making Laws—Not Busy Enough in Administering Them.**

At the recent Provincetown celebration an address by Congressman Wm. C. Lovering attracted much attention. The subject discussed by the Congressman was "Too Many Laws." He argued in favor of fewer laws more promptly and vigorously enforced, and made the claim that there is more ability employed to break the laws than to make them. Mr. Lovering said:

"While there is sufficient reverence in our hearts to bring us to this honored spot, and to move us to raise a monument to commemorate the work of those hardy Christian pioneers who framed that historic compact, the simplest code that was ever designed to govern a people, yet," he said, "do we complaisantly point with pride to our modern jurisprudence as being a monument to our superior intelligence and to all of the virtues that contribute to the making of a good and great republic.

"Is this a fair comparison? Is this being perfectly true to them and to ourselves?

"I think not. Simple as was their code, it sufficed, and they obeyed it in spirit and in letter. How is it to-day with us? Alas, we are in too many respects a nation of law breakers. What are all the laws in the world for if they be not obeyed? We are forever busy making laws. We are forever busy stopping the crevices to keep out crime. Too many of our laws are like old hats stuffed in the window to keep out the weather. What with Federal and State legislation we have multiplied our laws until no man can count them. I applied to the Department of Justice to learn how many laws were on the statute books, and was told that it was impossible to estimate them. We have multiplied our lawyers until they are falling over one another in their strike for business.

"Congress is a great law factory, to turn out new statutes and to repair broken and worn-out laws. State legislatures are vying with Congress and each other in the number of laws that they shall place on their statute books.

"Laws! Laws! Laws! Every way we turn we are met by laws. And while all this law making is going on the greatest legal

talent in the country is employed at the highest prices to find ways to evade the law. Their efforts are to get round, or over, or under, or through the law, rather than to secure obedience to the law. The late Sidney Bartlett said to a client: 'You want me to show you how to do an illegal thing in a legal way.'

"There is more ability employed to break the laws than to make them. I say this without presuming to disparage the 317 lawyers in the Senate and House of Representatives, numbering 476 members, for I believe the lawyers to be the ablest and most useful members in Congress, but is it not a fact that we have too much legislation, too many laws, and that there is too little disposition to observe them? Certain it is we have too little power to enforce them. Justice is tardy, or comes not at all.

"Is there a nation on earth where justice is as slow as in the United States?

"Too much legislation cheapens the law.

"Too much legislation attenuates and impairs the vigor of the law.

"Fewer laws promptly and vigorously enforced would diminish crime.

"What shall be said of the morals of a business community when it practically demands assurance that criminals shall not be arraigned, and when the assurance that a criminal will not be prosecuted gives confidence in stock market values?

"What shall be said of men who exult in the immunity of the lawbreaker?

"What shall be said of men whose greed for gain has so blunted their consciences that they have come to look upon the law as only a restraint upon their liberties?

"I do not wish to be understood as making a wholesale condemnation. The people in the main are honest. There is such a thing as a public conscience, and when the people are aroused they are as true as steel to vindicate the right, so that, in spite of all the rascals inside and outside the penitentiary, we do not despair of a great and happy future for this glorious republic."

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#### Carruthers Ewing on the Credit Man.

"The credit man is the bone and brawn of business. On his mind must play all the shades and shadows, all the light and life of commerce. He is the bastion of trade and the sentinel on the watch-tower. His mental forces must forage in the future, where flash the hopes and fears of mortal man. They must catch the first touches of the coming storm and dance with the nimble-footed lightnings amid the forming clouds. He must climb the golden stairs with the sanguine and slowly sink to the cellar with the dispirited. He must be an apostle of the free and unlimited coinage of language and must be able to back Mary Yellin Lease clean off the boards. The credit man is the real thing and is entitled to panegyric.

"Upon the fidelity and the force of the credit man, as upon a rock, is grounded the prosperity of every business house in this country. How many of the lords of finance march in borrowed plumes and in unconscious egotism allure that respect which man ever has and ever will bestow upon success.

"The credit man must be multiform and many-sided. He deals with the present, and yet his harvest is of the future."

## Banking Credits.

AN ADDRESS BY W. OLIVER CRAIG, CASHIER OF THE BANK OF COMMERCE,  
DELIVERED BEFORE THE PHILADELPHIA CREDIT MEN'S ASSOCIATION.

"Without desiring to approach anything egotistical, I want to state my position clearly, so that you may weigh carefully any suggestion that I may offer, in the hope and expectation that this may be a half hour spent, not in words, but that each and every one may carry from this meeting some thought or principle that may convince him that the time has not been spent uselessly; that I may leave this meeting feeling that I have, through my outside experience, sown some seeds which may make you better fitted to perform your particular duties, and that there may be some new line of thought created in your fertile brains that will bring forth a rich harvest, enhancing your value to your employers and yourselves.

"It may perhaps surprise some of you when I state as an exemplification of the importance of this question that of all the business transacted in the United States, only five per cent., according to the financial records of the United States Government, is transacted on a cash basis, leaving therefore ninety-five per cent. of the enormous volume of business of this country on a credit basis.

"Is not, then, the determination of these credits a most important question? Right in our own institutions, whether they be National or State banks, trust companies or commercial institutions, the very foundation of success rests on the qualifications of those determining the propriety of the institution's loans.

"I will not attempt, to-night, to cover the ground of trust companies, as their works are so comprehensive and their dealings entirely beyond the sphere of my experience. The provinces of a trust company, while widespread, are as a rule so safely guarded by our State laws that but few failures have occurred in this direction. Where these failures have happened it has been, almost without exception, because of those companies going beyond the limitations which the law wisely provides. However, again I say, the subject before us is so comprehensive that I cannot to-night present it in all its aspects and, therefore, ask you, for the present at least, to eliminate that most important phase of the subject applying to the trust company, and let us take up the question as to the credit man in his relations to the bank.

"Nearly all of the larger institutions in the principal cities outside of Philadelphia have a regularly qualified credit man, but until very recently no Philadelphia bank had what might be properly termed a credit department. When I say a credit department, I wish to be distinctly understood as not meaning a department consisting of record files, a clerk under the direction of the cashier or other officer of the bank, but a credit department under the direction of a qualified credit man; one who has had actual experience in this line, one who understands at least the principles of banking, if not of all its minute details, one who has had commercial experience, one who is so versatile either in natural resources or through wide experience and knows the various conditions surrounding each particular trade, so that his judgment will be governed by these conditions rather than by arbitrary rules that may be applicable to one particular business, but thoroughly inapplicable to another. For instance, in the clothing trade, where there is a discount of seven or eight or ten per cent., it is an absolute necessity for a trader to take advantage of that discount, else he would be unable to enter into competition with his neighbor. On the other hand, in the carpet trade the ordinary terms are



a four months' dating and a four months' settlement beyond that dating by note or otherwise. In the clothing trade, understand me, it would be a positive evidence of weakness for the merchant not to take advantage of discounts, and failure to do so would eventually mean failure in his business, while in the carpet trade it is a common occurrence to allow the terms to run to the full extent of the dating. Then, again, the four months' additional time beyond dating carries with it a discount of four per cent. for the four months. Therefore, if the party does not take advantage of this discount it indicates that he has not a borrowing capacity in his bank within twelve per cent. per annum. I do not think that there is a single illustration that I can offer that is easier of conception. I offer this illustration at this time to show you how necessary it is that a credit man shall know the particular conditions surrounding each particular trade, and I presume, and am safe in my presumption, when I say that a man who has secured promotion from an office boy to a cashier-ship or presidency is not, of necessity, the one who is best qualified to pass upon the credits of the institution which he represents.

"Now, then, gentlemen, let me, without being so much a detailist as to become a bore, outline, as in my judgment I deem best, a system which is most productive of material results in operating the credit department of a bank, which system is thoroughly applicable to any mercantile house.

"Let me first outline to you the various forms that I think are essential for the proper organization of a credit department. Then we will take those forms, analyze them, and, through such analysis, arrive at a proper determination as to whether John Smith is or is not entitled to a line of accommodation and not determine such credit by whether he is a friend of such and such a director, or whether he carries such and such balances, or because he is thought to be worth so and so much that he is, of course, entitled to the credit which he seeks.

"In other words, gentlemen, my whole purpose is to determine the question of credit from facts, not theory; to determine these credits not through whether he is a good fellow or a particular friend of so and so, but as to whether he has these three qualities:

"First, *financial worth* commensurate with the accommodation desired.

"Second, is his *moral character* above reproach.

"Third, that his *earning capacity* insures continuing success.

"I am a firm believer in the card system. I believe in having cards properly indexed, as follows:

"Indicating depositors.

"By separate color indicating depositors who are also borrowers.

"Cards indicating inquiries from other banks, or, in fact, any other source.

"Indicating protest items, whether of maker or indorser.

"Indicating return items (other than through informality), not sufficient funds, statements, agency ratings.

"Now let us take up these items seriatim. Before doing so I wish to make myself clear on one other point. One national bank in New York City has what is generally accepted as the best system of any bank in the United States. So perfect is its system that hardly a pencil can be lost but what it is traced, hardly a person enter or leave the bank but what his business will be recorded. I am not in sympathy with this class of work, as I am perhaps a little too practical, for if that system exceeds the cost of the pencil and if the comings and goings of the customers are not of importance, I do not believe in excessive

red tape. I do believe in using everything in the bank that is, of importance to any extent in the determination of credits. To use these points, to make a record of them so that the thing which may be trivial to-day and perhaps of importance to-morrow may prove of inestimable value. Do not burden yourself with red tape, but utilize every God-given faculty and facility you possess in the advancement of your concern. I know of no better way to do this than in simply and methodically recording every item coming within your notice.

**Depositors.**—By having before me, at all times, a list of depositors I have material for checking up work of any description, whether it is the sending out for periodical statements, or anything that is of interest. By using a distinct color for depositors who are borrowers I can without looking up the bank's records tell at a glance that the party is a borrower and consequently in need of closer investigation than he who is simply a depositor.

**Inquiry.**—As a rule no record is made of inquiries made by banks or others regarding customers. This is a very important matter, of which record should be made. The fact that a depositor is inquired of from another city or even locality indicates one point beyond question. Such inquiries are not made from curiosity, but presumably they are seeking credit elsewhere, and it will be apparent to you how important it is to know that a customer is seeking credit outside of our institution—possibly selling his paper. Many a bank has been led into believing that it is lending the sole aid to its customer when, as a matter of fact, that same concern may be borrowing ten times as much through other banks or through the sale of its paper. By keeping record, under the name of the customer, when revision is being made of the record of such customer, it is highly important that you have a record of such inquiries that have been made; from time to time, so that you may communicate with the inquiring parties and obtain their experience, and, perhaps, gain information of value.

"Let me illustrate this by experience. We had in Philadelphia one concern that owed one bank a certain sum of money. This concern was known to have two separate accounts in Philadelphia, but its bank accommodation was supposed to have stopped there. Inquiry was made, however, from time to time in six different cities, and the result prompted an investigation of the firm. A personal visit was made to the different inquiring parties, and it was clearly demonstrated that the concern owed four times as much to banks alone as was presumed. This inquiry, of course, was made tactfully, without arousing suspicion, and leaving the opportunity for the inquiring bank to 'trim sail,' with the result that it called its loan gradually and saved the loss of \$60,000, which amount was assumed by another bank, possibly less diligent, which had this obligation on its hands when the concern failed and made settlement at twelve cents on the dollar.

"In this connection also permit me to add that a record should be kept, as far as possible, of the different banks with which a depositor is connected, either directly or indirectly. I would here suggest an idea that may, however, appear to you utopian—impracticable. I mean that if it were possible to have a credit clearing house system, among even the local banks, whereby a confidential record could be kept of the loans granted to a particular customer, the result would possibly be a revelation to the inquiring bank in time for guidance, instead of being revealed when too late for avoidance. There are many banks under the impression that they alone have the account of 'John Smith' and which accordingly grant an accommodation only to find, when it is too late, that 'John' has

been granted the same or a greater amount of accommodation by another or possibly several other banks. This point, however, I will cover more fully in the item of statements.

"Regarding statements, the standard form adopted by the American Bankers' Association, while capable of some slight modification, is probably the best form that has ever been adopted. Statements, like all other sources of information, are apt to be misleading; yet, *I would rather have a false statement than none at all*, for if an investigation of the statement proves its falsity, you have at least gained a very important point, as first-class liars are unquestionably undesirable customers; therefore, if the falsity of a statement is demonstrated you need not go further. Remember that there is no law against lying, and in analyzing a statement this should be borne thoroughly in mind. The burden of responsibility, and, of course, of loss, rests more upon the investigator of the statement than upon the one making it. If in making a statement I say that I own such and such property and that it is encumbered only thus and so, I cannot be held liable even if that statement is absolutely false. The law provides, and by taxation furnishes, offices of record where such a statement can be verified, and if it is not verified the responsibility is yours, not mine. If, however, I say that I have so much cash in bank and—because of the ethics of banking circles—this is not subject to confirmation and is afterwards proved to be false, then I can be held liable. Again, if I value any assets at a certain figure, I cannot be held liable if those assets realize a less figure, for this is a matter of opinion, and consequently two opinions on the subject may be widely divergent. My experience has proved to me that more losses have been entailed where statements have been given and not verified, than where no statements have been given at all, simply because the average board of directors will presume that the statement is bona fide, and in the absence of a credit man or a careful analysis of such statement, it is accepted as correct, and credits are based accordingly.

"Let us take an imaginary case and analyze it. This, however, is difficult. When I was engaged in the mercantile agency business, I was frequently asked how ratings are determined; my invariable answer was: 'There is no arbitrary method, for of one thousand statements, or one thousand parties, investigated, there are one thousand different conditions, hardly any two alike; yet the principle of analysis remains the same.' Some of you would take a statement made by a manufacturer who is worth, we will say, \$100,000, of which worth \$75,000 is represented in his plant, and you will arbitrarily say that this is in bricks and mortar and machinery, and will not realize twenty-five cents on the dollar; yet, that same manufacturer could not transact his business, could not bring profit to his bank, were it not for these same bricks, mortar and machinery. Therefore, how unjust it would be in determining his worth to strike out three-fourths of his principal asset.

"On the other hand, if he is a jobber who has the same proportion invested in real estate, then it behooves you to examine critically as to the value of that real estate, and determine whether he has a safe equity, for if not, then it is a dead asset and should be stricken out entirely in arriving at his realizable worth, as it is not a necessary adjunct in his business. In investigating stock on hand the knowledge of the credit man as to the market conditions in a particular line is of greatest value. If this stock on hand is consistent with his volume of business, then it does not matter whether this is large or small in proportion to his capital, but it is of greatest importance as to whether, at the time of making his statement, his stock represents fresh goods at the beginning of

his season, or stale and unsalable goods at the close of his season. If the former, it should be considered at full realizable value, and if the latter, it can hardly be considered an asset.

"It is my judgment that the item of fixtures should at no time be considered a valuable asset, as its intrinsic worth is practically nil.

"Cash on hand is a very questionable asset, as it is so easily diverted from one pocket to the other. But cash in bank, as a rule, is subject to verification, and should be compared with liability to banks. But even this has to be carefully analyzed with a full knowledge as to the market conditions in the customer's particular trade. Some trades have but one season and some have four. In the first instance the party will have flush seasons, when large bank balances will be carried, and other periods, when his own bank does not expect him to carry balances, but be a heavy borrower. But where the party is engaged in a trade with two or four seasons in the year his receipts should very nearly, if not equal his outgo, and with such a party a bank balance out of proportion to his obligations would be a distinct element of weakness.

"Having determined the value of assets, we next turn to the liabilities, which should state clearly, first, bills payable for merchandise, accounts payable for same, bills payable to banks, amount of paper sold, and mortgages.

"Again, an analysis of this item requires a knowledge of the trade conditions in which the party is engaged, as in some instances it is not only a custom, but almost an invariable rule, to settle all purchases by note, and the fact that the person settles by note need not, *per se*, have any unfavorable significance.

"If, however, the party is engaged in a line where the trade discount would exceed the rate of ordinary bank discount, the fact that such discount was not taken advantage of would be an infallible indication of commercial weakness.

"In analyzing accounts payable a comparison with the stock on hand as an asset is absolutely necessary, for if the outstanding accounts and bills payable for merchandise are out of proportion to the stock on hand, it would indicate that the party is not a good financial manager. Again, however, it is necessary to consider the date at which this statement is made, for at the beginning of the season these items would necessarily be heavy, while the reverse condition should exist at the end of the season, when his stock should be turned into accounts receivable or cash on hand.

"There is probably no item in liabilities that is more misunderstood than the item of paper sold. The leading merchant of Philadelphia, and perhaps, of the United States, does not seek any bank accommodation or at least does not receive a fraction of the accommodation that he could secure from his local banks. Wisely, perhaps, he sells his paper in the open market, having attained that position where he is not dependent upon any particular bank, but prefers to be governed by the market conditions in the money centers, for if this particular party discounted his paper at a local bank, he would necessarily be restricted to the local conditions. These conditions would at times be favorable and at other times unfavorable, but it is to be borne in mind that there are a number of country banks situated in rich communities where deposits are large and calls for accommodation somewhat rare. As a result they have an over surplus of money and are constantly seeking investments. The merchant takes advantage of this condition, and through his broker sells his paper in such markets as afford the best inducements, with the result that instead of such banks depositing their money in the New York



reserve banks, where they realize but two per cent., they gladly avail themselves of the paper of such unquestioned merchants, paying four or four and one-half or even five per cent., but still, perhaps, saving money, as the local conditions might necessitate such merchants paying the full legal six per cent. Therefore, the fact that a party sells his paper does not imply that he is a seeker of credit, but rather that he has attained an enviable position and is able to sell his paper in that market which offers the lowest rate of discount.

"This class of merchants has passed the crucial stage, as their unquestioned credit has long since been established, while their paper is looked upon by the average bank as on a par with standard investments.

"On the other hand, there are enterprising and ambitious financiers in commercial circles who endeavor by the sale of their paper to secure accommodation out of proportion to what their capital warrants and beyond which a properly conservative bank would accord them. It behooves the loaning bank to investigate closely such customers, for experience has proven that the risk is hazardous and, therefore, undesirable. Let me exemplify. 'Smith & Co.' are customers of your bank. You know fairly well the extent of their capabilities and resources, and you grant a line of accommodation accordingly, but you learn that the firm is also selling its paper in the open market. What assurance have you of the extent of its liabilities?

"This item resolves itself simply into whether a concern has or has not established itself so beyond question that it can, without endangering any criticism, sell its paper outside. This question has been the source of more serious bank losses than anything I will mention here to-night, because uncertainty is the dangerous point, and if you cannot, beyond the peradventure of a doubt, determine the extent of the customer's liabilities, give yourself the benefit of the doubt, and reject the loan.

"The item of mortgages I have covered in my treatment of real estate, and I have only this to add: There is nothing that is considered a better investment for surplus funds than real estate, and yet there is no asset that is looked upon with more disfavor, simply because of the long process of litigation that is necessary to secure the liquidation of a loan based upon foreclosure. It would be unjust, however, to ignore real estate as an asset, or mortgage as a liability, but the equity in real estate is the all important feature. If the property is nearly, or absolutely, clear, it should be considered an asset—if all other things are on a satisfactory basis—but if the equity is limited it is better to assume the safer position of throwing our this item as an asset.

"Before closing the item of statements, permit me to call your attention to some incidental features; for instance, the item of insurance. The wise business man carries at all times insurance with what is known as the 80 per cent. co-insurance clause, and should he not carry this he should be advised by his creditors to rectify the error.

"While on the subject of insurance, it would be well, perhaps, to touch on that of fires. If a concern has had a fire or a number of fires, it is advisable to inquire as to the origin of such fires, as to the insurance at the time of fire, and the net loss, if any. The fact that a man has had a fire should not be necessarily regarded with suspicion. I have in mind an incident which occurred thus: Three young men started in business. One had been in the employ of his father, who had had a fire which did not originate in his store, but next door, and carried with it the

destruction of two other properties; yet the mercantile agencies reported this party as having had a fire, *but without explanation*, the inference being that he had profited by it, whereas he had no interest in the property or its insurance.

"It seems the mercantile agencies are prone to search for something detrimental rather than a statement of the real facts as they exist, whether they be favorable or unfavorable.

"Another item of importance in a statement is that of the connection of any member of a firm or corporation with another concern. This by some would not be considered important, but it has proved to be of the most vital importance. For instance, my brother and I may be engaged in a very successful business. I may be individually engaged in another enterprise, in which the brother has no part, and which may be experimental or speculative, absorbing the profits of the successful business, with the result that both are affected. The question of affiliations should be clearly demonstrated in all statements made.

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### Discount Thieving.

Robbery may seem a harsh term to apply to a man who takes advantage of conditions and exacts a greater discount from a bill than he is entitled to; nevertheless, the man who holds up a penny of another man's money is guilty of unadulterated theft, and every wholesale dealer who fails to protest against or resist a policy purely predatory in its principle is guilty of little less than compounding the felony.

There is one prominent dry goods firm which has for years been conspicuously guilty of this form of graft, and it is estimated that by this method alone it makes a profit of \$200,000 annually.

For two months past this firm has been subjected to serious discussion in financial circles, for its depredations had reached the point where they were no longer tolerable. A mercantile agency interviewed forty wholesale firms regarding their experience with this house, and the evidence adduced was most damaging. The ingenuity exercised in securing discounts, changing datings and altering terms showed the existence of a fixed office policy.

It was the custom of the firm to make long-time settlements at short-time discounts. When checks were returned to them rejected they took another ten days for adjustment. Some creditors were brusquely affronted and told to keep out of the store. Others, whose bills were due and overdue, if in serious need of money, could always get it, "at so much off."

By bluff, subterfuge, affrontery and intimidation, every scheme was worked to secure an extra two and one-half per cent., or one per cent., or even one-half per cent., or an extra thirty days, or ten days, or even five days, which all meant money. The importers and jobbers, commission men and agents are the ones who have been hurt mostly by this practice, for the mill men years ago established the Manufacturers' Association of Philadelphia, organized primarily to deal with such methods.

It would seem on its face that methods which antagonized every wholesaler in the business, even those who acquiesced in the hold-up, were bad business methods.

It may be fair to state that the head of this house, when inter-

viewed upon the subject, professed ignorance that any such system existed in his office; but it would seem that the methods of an organization which cleaned up \$200,000 a year on a "system" cannot be unknown to the firm.

Every merchant should buy in the best market. It is his privilege and duty to exact the best terms, but that is as far as he has a right to go. In ten, thirty or sixty days, whatever the time may be, a certain amount of money is due, and if a fixed, premeditated, persistent, continuous and methodical system is practiced to change these terms and withhold part of the money, an offence is committed against every common law of decent merchandising.

A furniture manufacturer who has been all through this trouble uses the following paster and returns it with bills where the case demands it:

"This account exceeds 10 days. Cannot allow discount."

The man who is financially weak finds it difficult to assert his rights, but there are enough well organized and financially equipped business men in the trade to stamp out this nuisance if they make up their minds to do so. If the "system" is not checked where it is it will extend *ad infinitum*.

There is in the spirit of the age an over-weening desire to obtain something for nothing, speculate on sure things or drive a close bargain, and unless this species of office dishonesty is summarily abolished, every merchandise firm in the United States will have a graft department where petty theft and blackmail may run rampant at the expense of the wholesale trade.—*The Furniture Worker*.

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### Let Us have More of Such Steadfastness in Prosecuting Frauds.

In the columns of the BULLETIN there has been reported from time to time the progress of the prosecution by the United States of Albert J. Lowrie, Harry Joseph and others for violation of the bankruptcy law. In the March, 1907, number of the BULLETIN, under the title "History of the Prosecution of Bankrupt Frauds," Mr. Gustavus Myers set out the details of this flagrant case. The foundation of the prosecution was laid in the examinations of the bankrupts conducted in Buffalo before Referee Hotchkiss. The testimony taken at that time was presented to the Grand Jury and resulted in the indictment of the defendants, which was followed by their conviction. Judge Hazel sentenced Lowrie and Joseph to terms in the penitentiary, and imposed heavy fines upon the others. The fines were promptly paid, but those sentenced to terms in the penitentiary appealed—however, without success—for the United States Circuit Court of Appeals has sustained Judge Hazel, with the result that Lowrie and Joseph are now serving their sentences in the Erie County Penitentiary, which institution, according to Jack London in the August *Cosmopolitan*, does not make a particularly pleasant residence. Thus ends a celebrated case, celebrated for the reason that one creditor refused to deviate from what he was satisfied was the only right course which was, to make an example of the rascals, or to be bamboozled by a crowd of swindlers who, when cornered, offered to disgorge a part of their ill-gotten gains in order to save themselves from the pen.

### Annual Meeting of the American Bar Association.

The American Bar Association convened for its annual meeting at Portland, Me., the week of August 26th. Its standing committees made a number of recommendations for legislation upon matters touching business at points of special interest to credit men.

Especially interesting was the report submitted by the Committee on Commercial Law, in which two chief subjects were considered, the national bankrupt act and the uniform laws of sales and warehouse receipts, which it is desired that all states shall adopt. In the matter of the national bankrupt law the changes advocated by the committee are made under the heads:—In the statutory definition and proof of insolvency in fact; in the enumeration of acts of bankruptcy; and in respect to the person or persons qualified to make affidavit to a petition in involuntary bankruptcy.

The report says:

"The present restricted statutory definition of insolvency has been much criticised, and is certainly practically embarrassing in matter of proof. It is said to protect a debtor whose property is not quickly convertible, but on the other hand it may operate to put creditors at the debtor's mercy. The committee believe that the definition of insolvency in fact should be enlarged, and that the statute should provide that insolvency may be further proven by any one of the three following circumstances, viz., by return of *nulla bona* to a writ of *fiery facias*; by proof of inability to pay debts in the due course of business as they mature. (This to be limited to commercial classes.) By the appointment of a receiver for a co-partnership or corporation which is insolvent. And the committee further recommend that the enumeration of acts of bankruptcy be modified or enlarged so as to coincide with the new definitions of insolvency in fact. The committee further recommend an amendment to the statute so that it may provide that the affidavit to a petition in involuntary bankruptcy may be made by petitioning creditors or by their agents or attorneys."

The work of the committee to secure uniformity of laws in the various states with reference to sales and warehouse receipts is interesting to credit men who have been in close touch with the efforts of the National Association of Credit Men to secure uniformity in the passage of certain laws in all the states, especially the bulk sales law. The report says:

"In six of the states there has been no session of the legislature since the last meeting of the association. The sales act has not been introduced in the legislature of thirty-three other states, and the warehouse receipts act has not been submitted in the legislatures of twenty-seven states where they have convened. The sales act has been actually adopted in Connecticut, New Jersey and Arizona, or in two states and one territory in all. It was introduced, but not passed, in the legislatures of Georgia, Maine, Massachusetts, Minnesota, Nebraska, New York, Pennsylvania and Washington.

"The warehouse receipts act has become the law of Connecticut, Idaho, Illinois (in slightly modified form), Iowa, Massachusetts, Montana, New Jersey and New York, or eight states in all. It was introduced, but did not pass, in the legislatures of Florida, Georgia, Maine, Minnesota, Nebraska, Pennsylvania and Washington.

"Connecticut and New Jersey are the only two states which have adopted both laws. They were also introduced in Congress for the District of Columbia, but were not reached, owing to the short session of Congress.



"The committee recommends the approval by the association of both the uniform sales act and the uniform warehouse receipts act, and that a special committee or special committees of the association be appointed to secure their passage by the legislatures of those states which have not already adopted them, including their adoption by Congress for the District of Columbia."

The report of the standing Committee on Insurance treats mainly of life insurance matters, but two recommendations which relate to fire insurance, and which are in complete sympathy with the resolution adopted by the Chicago convention of the National Association of Credit Men were adopted by the Bar Association, namely: The creation in each state of the office of fire marshal and the condemnation of the practice of making the state insurance commissionership a political prize to be presented without regard to fitness or knowledge of the insurance business.

At the final session of the convention British Ambassador James Bryce, who was made an honorary member of the association, made a notable address on "The Influence of National Character and Historical Environment on the Development of the Common Law," considering the common law of England as the basis of her national progress, and by adoption similarly the basis of American progress.

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### THE BANK CLERK—BARNACLES.

BY CHARLES W. STEVENSON, IN BANKERS' MONTHLY.

Clinging to the hull of the master ship, the small shell fish (barnacles, as they are called) of the great deep become so embedded in the wood that the progress of the vessel with its roughened sides is distinctly impeded. And then the ship must go to dry dock and have its sides scraped. Barnacle has come to be a synonym of those who cling to their positions, doing nothing but their routine duties, and impeding by their fossilized methods the business in hand. There are barnacles among bank clerks.

If the term be not strictly applicable in this article it is because it is not the purpose here to discuss at length the real barnacle who has not the ambition or the desire to grow, and who will suffer himself to be kept stationary through a whole life because he has not the snap and the vigor to try another vocation than the one he fills so sluggishly. There are a few barnacles of this kind in the banking business as in every other. They cannot be shaken off. If they are allowed to stay it is because the bank depends on other and fresher men to meet the new conditions. The old gray-haired clerk who comes and goes, as changeless and as unintelligent as the clock upon the wall, who never had a thought of trying another vocation, who suffers himself to be superseded by younger and more active men, one who does not care, such is the barnacle. He simply sticks.

But not all men who have the desire to attain to high station and salary, succeed. The old, worn, and gray-haired clerk, may have been the most faithful and progressive of all. There may have been a combination of circumstances against him. The changes incident to management may have prevented his rising. He is to be revered, not condemned.

Let us rather look at the man who simply rusts out.

There is something so narrowing about the whole business of banking that it would be an impossibility for many men to follow it. The problems have too much of a sameness. They do not follow them to the end, be it said, but the immediate business does not furnish the spur necessary for the mind's expansion. Most men are of the class which cannot mingle

sedentary study with active life. They must have some motive in the world of affairs to awaken the forces of mind within them. These men do not and will not follow banking for the reason of its sameness.

Then there are men who soon come to despise the drudgery of any business and will not be confined. They require the mental stimulus of some new line of thought to keep them alive and alert. They expand and broaden not by intensive study but by facing new problems. They roam over the field of business taking in new problems all the time and in proportion to their ability or the lack of it do they succeed, in proportion to their ability do they undertake large or small things in commercial life.

There is no business which has not its share of drudgery. The professional man finds at times that he must force himself to the special consideration of certain diseases, so common are they. He becomes indifferent to their consideration, yet knows that no disease ever finds the same victim or rather a like victim twice. There are always two men with different temperaments to be considered. There are two men in fact, when the same individual is approached at different periods of life. It requires, therefore, that the physician never relax his vigilance. And yet it requires a special effort to do so.

Much more so is the pursuit of a vocation in the business world in which drudgery has so large a part. It is here that man must contend with those who know how to do a thing with the least effort, and those who succeed, as the saying is, by sheer strength and awkwardness. The business man must do what the custom of the time requires. He must do the drudgery which is a part of the work, simply because others do it.

There is in the broad field of service in the commercial world the rule of custom. If it is the custom that goods be delivered in a certain way, it matters not about the equities in the case. It must be done. If there is a certain form in which the goods must be put up, there is no release from this until that good time when the better plan prevails. Then there is in service itself a rule which cannot be abrogated of doing a thing the best way no matter what the cost to the doer. And as the business man is in the field of effort and gains what he does in competition with all men he is bound by these rules and there is no escape. He must serve each alike. Therefore no matter how grinding the service, he must perform it, or he will lose custom.

And yet when all this is said what an infinite variety does the day bring. There are no two alike. Each day new faces and new ways, new products and new problems.

But in the bank, one will say, there are, for the young man, simply columns of figures and piles of checks and papers which have no intrinsic interest. Maybe so. But even here it is possible for the clerk by intensive study of business to make each piece of paper take on a new aspect, show its individuality. It is possible to make the routine interesting, by giving to it the plan and its perfection which ever changes to meet new conditions.

You ask, and very pertinently, here, how it is possible for the clerk who has but one part of the work of a bank to do, who works chained to his desk day after day, who cannot vary his employment because he is a cog in a wheel, you ask how it is possible for this man to make his work rise above drudgery once he is master of it. \*

There is but one way and that is to consider it ever in its relation to the other work of the bank. If the clerk will do this he may make the driest book in the bank become a serial story of unvarying interest. The mere alertness which is ever watching for change will make the task something more than drudgery.

Let us take for example the man who has charge of one of the individual ledgers of a large bank. Is there a more confining, a more uninteresting work? Well, it depends on the view. If the clerk will watch the changes in each account and let his mind dwell on the effect of these on the individual from a business standpoint and on the bank, he will have food for thought. Then there are periods of comparison for his own work. There are estimates to be made as to the number of new accounts. There is the scanning of the account to discern any items of interest to the superior officers. There is the daily examination of the checks which are floating through this particular book; and the deposits. There are the relations which these accounts bear to each other, if they have any particular relationship. There then remains the broad field of banking with the suggestion of the day's work ever acting as a spur, and the new methods for the performance of the work itself. These, if they are considered rightly will always furnish food for thought and stimulate that investigation which fits for a higher position.

To every clerk there comes, too, at some time, the chance to do other work than that which he does daily. Emergencies arise. The man who is best equipped to command the situation in these times is the clerk who has tried to study his business from every standpoint as he goes along. He does not allow the work to pall on his hands. For one thing, he is ever trying to make it better. He is trying, if there be nothing else, to perfect his handwriting or the general appearance of the book he is keeping. Just the thought that he will not grow slovenly in his work will give it zest. If it be but to add a column of figures there is always some room for improvement. If it is in the rapidity with which a certain amount of work is done, there is room for improvement. And each day may be compared with the day just passed. There are no two alike. To round out each day is a task worthy of the consideration of the mind to the last day of life. In this connection the following beautiful thought from the work of Claudius B. Patten is worth quoting and remembering. Speaking of the desponding ones who wail at their fate in being confined to the treadmill of their duties, he says:

"Instead of giving way to a kind of discontented-pendulum feeling about the future of their day's work, let them take the view that only one day at a time is to be taken care of—to be properly lived—and that each single day is best viewed when it is looked upon as a completed existence in itself, and as a sort of well-rounded circle of life and labors very like the entire life-span of man. There is a remarkable similitude between the single day and the completed life. The morning is like the birth of the individual; the high hour of the day, with its activities, like the prime of life; the decline of the day like old age; then comes sleep, which is a brother to death."

But the best method of keeping off the rust which will come from the routine, unless the clerk fight against it, is to study the bank in all its aspects as he goes on with his work. If he will do this he will find that not only will he have much to think about, he will find himself becoming indispensable to the bank. He will find that if he knows more about the bank than any other clerk he will be consulted increasingly. He will find that if he knows things about bank management not in the line of his immediate work he will be trusted in an emergency more than any other clerk in the employ. And being thus made familiar with the work of other departments in the bank, as the result of his knowledge and the emergency which arises, he will see that there is yet a chance of promotion, and the hope which springs within him will lighten and sweeten his labors.

The man must love his work. It is the new face, the new pattern, the new carving or painting, the new house or bridge, which, in the artist's mind, gives him perennial joy. Is there anything of this in the drudgery of the problems of posting and finance? Perhaps not. Yet must the man love his work. All men are not alike. As we have said there are temperaments which prevent the making of good bankers. Such are better out of the business than in it, for love of the work cannot be theirs.

Now how shall the man who finds his tastes turning him against the routine of the bank work make himself love it? In one way only. By using it as a means to the gratification out of hours of the delight of his heart. If he has artistic tastes, let him work the better during the day at the bank, that he may after the hours are over go home to the recreation of his pleasurable study. Love his work, he must. The love must be engendered some way. The weary drudge will never be able to do good work.

If the man find that he can return every morning to his desk, freshened by the night's thought and study, he will be able to take hold of the work with new zest. The work will grow so enticing under the stimulus of this freshened mind that he will find himself following the problems to their ultimate conclusion. This will, in time, cause him to take books on finance and commerce home with him on occasion and peruse them because he wishes to be informed in every way about the transactions of the day.

This is one of the studies which will grow by what it feeds on. The clerk will not rust out who finds that the bank takes him on investigating tours into all the avocations of mankind, makes him a student of the means men employ to attain human happiness.

For the individual will under these circumstances pursue much the same line of mind-awakening the race has done. He will come to ask himself the questions of economics, what is all labor and toil for? What is it in these many vocations which inspires men? Is there not a something beyond yellow gold? Then will open the story of the ages, and he will find that no life is lived in vain. He will discover the beauty of use and the use there is in beauty. He will be glad that he has an humble part in the great upbuilding of the race. He will see that the man who does his duty as the duty appears is the one of whom none can say he has failed. Rising thus to the spiritual heights of thoughts on destiny, and the love which is willing to sacrifice for the good of others, the man will be able to look down on his work as a means to an end and not as the end itself. Looking down from heights like these he will see a new inspiration in toil and drudgery and strive to be faithful to the end.

In thus analyzing the work of the clerk in the bank it will appear that he must make some effort to free himself from the lethargy and the despondency which the sameness of his work will bring about. Let him work never so hard, it is better to wear out than to rust out.

Once the rust begins to gather nothing is the same. The rusty mind not only does not do good work, but it is not bright enough to see the main chance when it comes. The clerk who would advance must be ever ready. It matters not that the years creep along and no hope comes. It matters not that the work grows harder and more exacting. It is the man who must conquer the work, not the work the man. If it cannot be done, if there are temperaments which cannot stand the strain of eternal trying, then it is better to get out of the business and give way to some one who can. Is it possible to get



out? That must depend on the local situation, and on the energy and daring of the man.

But to be a hanger-on, a barnacle fastened to the ship and obstructing its progress, this is the awful thing. Better that the man be a farmer than a non-progressive banker. There is as much uplift in the one as in the other. Indeed to the many the life of the farm is far the more developing. It requires a stronger mind to overcome the apathy of the banker's life than one which is on the outside. And yet this statement should be qualified. It all depends on the mind and the man.

Hence, the thing for the clerk to do every day of every month of every year, is to examine himself, to find if perchance he is allowing the drudgery of the work to make a slave of him, chaining him down to a life that is dwarfed of thought and love.

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## THE NECESSITY AND ADVANTAGES OF A BETTER UNDERSTANDING OF TRADE CONDITIONS.

EXTRACTS FROM AN ADDRESS BY H. C. BECKETT, HAMILTON, ONTARIO,  
BEFORE THE NATIONAL WHOLESALE GROCERS' ASSOCIATION.

Because comparatively little can be accomplished by the individual, the complex problems in business which continually arise must be studied and dealt with by a united effort. A few years' experience in the wholesale grocery business, has no doubt made it clear to all here that there are many evils and difficulties existing, ruinous to the trade and business morality, and it is reasonable to presume that these evils must be remedied sooner or later.

"A business of such magnitude as that involved in the selling of groceries, either wholesale or retail, must necessarily be in a confused condition without some organized effort to establish in the minds of manufacturers and others the great need of a unification of terms and legally recognized business methods.

"While more or less effort has been made in the past to acquaint manufacturers with the situation as it applies to the jobber and retailer, the improvement and benefit to the trade generally is largely due to the efforts of a few. Much more aggressive efforts are necessary to emphasize the evils we have to contend with.

"Manufacturers who take an interest in the profits made by jobbers and retailers on their products are few and far between. Some believe it unlawful to sell goods with restrictions as to resale; in fact, the sale of many proprietary and staple lines on margins not sufficient to cover the cost of distribution is encouraged and forced upon the trade by manufacturers who are shrewd enough to take advantage of and profit by the petty and unbusinesslike jealousies that exist among competitors.

"The wholesaler's and retailer's cost of doing business is not generally known to the manufacturers and very little consideration is given to this vital matter. It must therefore be the duty of the trade to take this matter up more vigorously, for just as long as the trade is dormant and tardy in bringing these matters to the attention of the manufacturer, just so long will the time be extended in which business must be done at cost and frequently at a loss.

"The remedy is a systematic and persistent hammering into the minds of merchants and manufacturers of the cost of doing business and the necessity for a uniformity in terms to avoid confusion. Without

organized effort in continually interviewing manufacturers it is impossible to improve the conditions of trade.

"The trade generally has not been thoroughly alive to present-day needs, and in many cases has been totally unmindful of its interests. Our difficulties are largely due to the great lack of general business knowledge on the part of the press and the people's parliamentary representatives. A continual, combined, collective and united effort on the part of all merchants and manufacturers to educate the press and the politician to a correct general knowledge of trade conditions is of prime necessity.

"Commercial laws suited to present-day conditions are a necessity. Laws that will protect the manufacturing and mercantile interests of the country on a sound, honest, financial basis, are just as necessary as laws to protect the public. Both are equally necessary, but unfortunately the aim of the politician has usually been directed to endorsing a popular cry in preference to being mindful of the mercantile interests of his country.

In Canada the trade is advocating the appointment of a commission to investigate trade conditions with a view to reporting to the Government and is pointing out the necessity and absolute need of a permanent tribunal to which trade agreements may be submitted for ratification and approval.

"There can be no question as to the need of this, for experience has taught us that comparatively little is known except to those actively engaged in business of the necessity for progressive legislation that will protect the rights of the many against dishonest and unfair competition.

"There should be no question as to the necessity for a proper recognition of honest methods in business and a common sense attitude on the part of the Government to those engaged in business. The aim of a government should be to correct and not encourage unfair and dishonest competition. The right of competition must be recognized, but when unhealthy trade conditions are the result, it is in the public interest to prevent such a condition of trade.

"It is needless to remind you of the fact that the manufacturers' cost of distribution is greatly reduced through the medium of the wholesaler, and of the great obligation the manufacturer is under to the retailer for the service the latter renders. There can be no sense or justification for such services being rendered for less than the cost of doing it, as is the case now and for some time past. If it is lawful to protect business interests those in business should know that they have the right to use every legitimate means to prevent unhealthy trade conditions."

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### Business Crooks.

At the Chicago Convention of the National Association of Credit Men a strong argument was made for the establishment of an investigation and prosecution fund, in every important trade center. The National Association several years ago turned over the work of getting after fraudulent bankrupts to the various local chapters. Meanwhile a history of the more striking cases of business fraud is running in the BULLETIN of the association. The publicity thus given tends to keep business men alert to business crooks and perhaps mitigates the pernicious activity of the latter. It is an anomalous condition that a man who steals under the guise of having made a failure of his business should

find it so easy to get off. This is generally due to the dislike on the part of the swindled creditors to engage in his prosecution. But the immunity thus held out has tended greatly to multiply frauds of this character until now it is no longer regarded as a burden to be borne. "Our study and investigation of this subject," says the prosecution committee report, "has convinced us that the thinking and substantial business men of this country are perfectly aware that the losses sustained through dishonest failures are not abating and that they are keenly alive to the justice and wisdom of punishing those who fail dishonestly, but the initiative seems to be almost totally lacking and comparatively few have been found who are willing to devote any time or work towards correcting this pernicious and expensive condition. From the standpoint of sound business judgment, self-preservation and good morals, it is our duty as credit men and good citizens to make a united stand against the piracy of the commercial crook."—*Daily Stockholder*.

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### CREDIT ITEM CLIPPED FROM CONSULAR REPORTS.

#### Egypt.

Why should manufacturers, anxious to gain a footing in the Eastern markets, still insist upon imposing inflexible rules laid down years ago? Methods must change with new conditions. In Egypt the great merchant and the peddler alike give and receive credit. Indeed, one's standing is gauged by the amount of credit which he can command. Yet the American manufacturer demands cash with the order, and wants the use of the Egyptian merchant's money for several months before the latter receives his goods. Often as not the goods arrive too late for that year's operations, especially in agricultural machinery. The local merchant, being under time contract for delivery, with penalty of cancellation of order, is quite helpless as between himself and the American manufacturer. In order to get his money back he must in such cases, when his goods eventually arrive, add cost price to freight and insurance, customs and transport to Cairo, as well as interest charge for his capital laid out. Then he must sell the goods on credit.

Credit varies with textiles, machinery, hardware, leather goods, perishable articles, and others liable to deteriorate in consequence of climatic conditions, and is also influenced by the intimate knowledge which people in Egypt have of the financial affairs of buyers or sellers. That there is no confidential commercial register which will give a man's business standing is perhaps one reason why Americans have insisted upon cash with order, which, however, will not work, and the American manufacturer must take chances with the other traders—Germans, Italians and English.

For agricultural machinery part payment is taken in cash, and the balance in instalments. Textiles are invariably bought on credit, the risk of the seller being covered by "senads," a sort of promissory note split up into fractional payments due at varying periods from six months onward. Foodstuffs find a ready market and are soon disposed of, so that large stocks are not held; but even for these credit is given. Settlements of accounts between the cultivator and the merchant take place annually after the cotton is sold—in November and December. With the shopkeeper and retailers, settlement comes after the tourist season, in April, when the big hotels call their annual meetings and declare their dividends.

## WATERED STOCK AT COMMON LAW.

THE NECESSITY OF LEGISLATION TO CHARGE THE HOLDERS OF WATERED STOCK IN CERTAIN CLASSES OF CASES WITH THE PAYMENT OF ITS PAR VALUE FOR THE BENEFIT OF CORPORATION CREDITORS.

By WM. C. WHITE, Esq., MEMBER OF THE NEW YORK BAR.

An interesting question, and one which seems to have been too difficult for the courts to agree upon, is, presented when creditors of an insolvent corporation, through a receiver or otherwise, seek to collect from stockholders, debts owing by the company, alleging that the stock held by such stockholders, although issued as fully paid stock, is in fact not fully paid, and asking that full payment be enforced for the benefit of corporation creditors.

In view of the prominence lately attaching to questions of stock watering, the problems involved in such cases have at this time a peculiar importance.

From the stockholder's point of view the cases may be roughly divided into two general classes: first, those in which the stockholder has not paid for his stock all that he has at any time agreed to pay; and second, those in which he has paid all that he agreed to.

In those cases in which a subscription agreement has been signed by the stockholder by which he agreed "to take and pay for at par" a specified number of shares, no difficulty was encountered, for any unpaid balance due from the subscriber is an asset of the corporation, and as such can, by appropriate proceedings, be seized upon by creditors.

The question is not often presented in so simple a form, but is complicated or modified by other elements: such, for example, as when at the time of signing the subscription contract a secret agreement was made that only a certain proportion of the amount subscribed would be called; or where, after part payment has been made upon the subscription, the corporation cancels or releases the balance; or where, after making the subscription payable in money, property of less value is accepted in satisfaction thereof; or where after the subscriptions have been fully paid up, the corporation distributes company assets among the stockholders leaving debts unpaid, or loans to stockholders money belonging to the corporation.

To meet such cases as these the United States courts invented the now badly battered, and always superfluous "Trust Fund" doctrine, declaring that the capital stock of a corporation, including unpaid subscriptions, is a trust fund for the benefit of its creditors, which must be administered in their interest. When limited in its application to such cases as the foregoing, the trust fund theory, although technically erroneous, was probably harmless, as the same result would follow from the application of correct and well established common law principles.

Neither corporations nor individuals can dispose of their assets by voluntary transfers in fraud of their creditors, and as in the foregoing cases an asset was created by the signing of the subscription agreement, that asset cannot be destroyed or wasted by voluntary acts of the corporation.

The cases in which difficulty was found were those that fall under the second of the general classes above referred to, namely, those in which the stockholder has paid for his stock all he agreed to. In such cases no technical subscription agreement is signed, but its place is taken by a contract of purchase or exchange which



provides that the corporation shall issue a certain definite amount of its capital stock as fully paid stock, in consideration of the transfer to it of certain specified property. Or the corporation, without any formal agreement, may issue, as fully paid, certain shares of its stock purely as a "bonus."

It is possible to imagine a case in which the owner of property by fraudulent representations, induces a corporation to accept his property at an inflated value. In such a case the ordinary remedies for fraud should be open to the corporation, and either a rescission of the contract of exchange be procured, or a judgment recovered for the damages sustained by the corporation. But in the usual case of fictitious stock issues, the corporation knows the facts, and the agreement of exchange accomplishes precisely what all parties intend, and as between the corporation and the owner of the property transferred, no fraud is present.

It is the purpose of this article to point out that in cases where a corporation has issued fully paid stock to a shareholder who has paid all that he has agreed to pay for it; or has issued fully paid stock as a "bonus" to one who has never agreed to pay anything for it, the courts at common law were unable to fasten upon such stockholders any liability to contribute towards unpaid corporate debts.

There are two principles of the common law which are controlling in the cases just mentioned. First, the relation between a corporation and its stockholder is contractual; and second, courts are not authorized to make agreements for individuals. Had these two principles been applied to all courts, as they have been by some, the very purpose, to accomplish which the courts of some jurisdictions abandoned the sure anchorage of the common law and drifted upon the dangerous sea of judicial legislation, would have been much more rapidly advanced by means of appropriate statutes. All courts have recognized what is generally accounted as true, that to permit corporations to issue fictitious stock is to open the doors of commercial enterprise to wholly irresponsible concerns which, under the guise of great capitalization, are often in a position to impose upon the unwary, alike among the investing and the selling public. Some courts, however, failed to see that in the particular class of cases now being considered the remedy was with the legislatures.

Of course a credit man is not deceived by nominal capitalization, but naturally requires substantial evidence of financial responsibility from each corporation seeking credit from his house. The law, however, ought to protect, by its provisions, the ordinary person, as well as, if not more than, the highly trained specialist whose experience and knowledge enables him to avoid pitfalls not perceived by the uninformed.

The New York Court of Appeals, in the well known case of *Christensen vs. Eno*, reported in 106 N. Y., 97 (1887) had no difficulty in declaring the true rule applicable to cases falling under the second general classification above referred to. In that case it appeared that a Missouri Bridge Company issued to one Eno as fully paid twenty-five shares of its stock upon which as a matter of fact only 60 per cent. had been paid, and the action was brought by plaintiff, a judgment creditor of the Bridge Company, to compel Eno to pay up the 40 per cent. which had not been paid. The case was not controlled by statutes, and called for the application of com-

mon law doctrines. Judge Andrews, in writing the opinion of the court, said:

"There is no pretense that this defendant Eno ever subscribed for the twenty-five shares of *bonus* stock (so-called), or entered into any agreement to pay the forty per cent. credited thereon. This was distinctly contrary to the intention of all parties. The plaintiff seeks to charge him as though he had subscribed for the stock and entered into a contract obligation with the company to pay the forty per cent. We can see no ground upon which he can be made to respond to the creditors of the company as upon an unpaid subscription. Assuming that the transaction as to the company was *ultra vires*, or that it could not give away its shares, the transaction in that view was simply a nullity, and Eno got nothing as against any one entitled to question the transaction. But it did not convert him into a debtor of the company for the forty per cent. He entered into no contract to pay it. He has received nothing on account of the twenty-five shares, and it is not claimed that the charter in terms imposes the liability claimed. The unissued shares of a corporation are not assets. When issued they represent a proportionate interest in the shareholder in the corporate property—an interest, however, subordinate to the claims of creditors. There are unquestioned public evils growing out of the creation and multiplication of shares of stock in corporations not based upon corporate property. The remedy is with the legislature. But the liability of a shareholder to pay for stock does not arise out of his relation, but depends upon his contract expressed or implied, or upon some statute, and in the absence of either of these grounds of liability, we do not perceive how a person to whom shares have been issued as a gratuity has, by accepting them, committed any wrong upon creditors, or made himself liable to pay the nominal face of the shares as upon a subscription or contract."

The earlier New York cases of *Seymour vs. Shugess*, 26 N. Y. 134 (1862), and *Van Cott vs. Van Brunt*, 82 N. Y. 535 (1880), are supporting cases. The latter especially should be compared with the the Iowa case hereafter referred to.

The decision in the Eno case is in harmony with the English rule and represents the logical conclusion of the common law. Its effect is weakened, however, by a long line of cases decided in New York under various statutes enacted to regulate the issuance of stock by corporations. None of these statutes was strong enough in its provisions to amount to a positive declaration that the acceptance of a certificate of stock should be conclusive evidence of a promise to pay the par value thereof; and it is difficult to see how anything short of such an enactment could break down the principles upon which *Christensen vs. Eno* and the English cases rest. If the statutes merely provided, as most of them did, that stock should not be issued at less than par, or that stock could be issued for property to the amount of the value thereof but did not by their terms raise a contract superior to the actual contract made by the parties, the common law situation in this class of cases remained unchanged, and while the actual contract might be void, or voidable, that fact would not create an added liability. Yet the New York Court of Appeals, in cases arising under such statutes, has not hesitated to charge the holders of stock with corporation debts, where such stock was issued to them in exchange for property under circumstances indicating an intent to "evade the statutes," as in cases where a

gross and wilful over-valuation of the property has been made, even though such stockholders have fully performed their agreement and paid all that they undertook to pay.

In *Phelan vs. Hagard*, 5 Dillon, 45 (1878) (a United States Court case), real estate thought to be a mining property, and subject to mortgages aggregating over \$600,000, was, by agreement, transferred to a corporation in exchange for \$300,000 at par of its capital stock. The court reviewed the authorities and announced "that such a contract is valid and binding upon the corporation and the original sharetakers, unless it is rescinded or set aside for fraud, and that, while the contract stands unimpeached, the courts, even where the rights of creditors are involved, will treat *that* as a payment which the parties have agreed should be payment."

While the contract of exchange may be rescinded or set aside for fraud" as above implied, a creditor could not profit by such a proceeding. For if the contract is rescinded, the corporation would get its stock back and the stockholder would get his property back, and thereupon the transaction would be at an end, and no liability could, under such circumstances, be charged to the former stockholder upon any common law principle.

In the case of *Flinn vs. Bagley*, 7 Federal Reporter, 785 (1881), a novelty trading corporation had been unsuccessful, and its outstanding stock was not worth more than two-thirds of its par value. To re-establish the company certain stockholders agreed to pay 66 2-3 per cent. of its par value for a block of new stock to be issued to them as fully paid. The action was brought by the assignee of the Novelty Company to collect from the stockholders the 33 1-3 per cent. which had not been paid. The court, after carefully considering the matter, concluded in its own mind, upon principle and *general* authority, that "subscriptions to the stock of a corporation are purely a matter of contract, and where there is an express contract the law will not permit one to be implied," and that therefore "if the contributory (*i. e.*, the stockholder) agrees only to take paid up shares he cannot be compelled to take unpaid shares." Yet the judge felt bound, much against his will, to follow the *specific* authority of *Hawley vs. Upton*, 102 U. S., 314 (1880), and gave judgment for the complainant. The case of *Hawley vs. Upton* was decided on the theory that "as the company could not sell its stock at less than par, what was done amounted in law to a *subscription* for the stock, and nothing else." As a matter of fact there was no subscription and no agreement to pay more than twenty per cent. of the par value of the stock in question. The court, therefore, in the *Hawley* case, made for the defendant a new contract, differing from the one he actually entered into, thereby violating the fundamental rule of law that courts are not authorized to make agreements for private citizens.

The courts that do not follow the rule of *Christensen vs. Eno*, and *Phelan vs. Hagard*, and of the English cases, do not agree upon the theory underlying the liability that they impose upon the stockholder against his agreement and against his will.

The "Trust Fund" doctrine has been resorted to by some courts, while others have had recourse to "implied contracts," to the phrase "*ultra vires*," to "fraud upon the law" and to "fraud" either in general or upon subsequent creditors in particular.

Curiously enough a court in adopting one of these theories usually takes pains to demolish some or all of the others. This was particularly so in the case of *Hospes vs. Northwestern Mfg.* and

Car Company, 48 Minnesota, 174 (1892). That action was brought by a judgment creditor of the corporation to recover from stockholders the amount of certain stock held by them, but alleged never to have been paid for. Although the stock in question seems to have been "subscribed for," which fact might have brought the case under the first class of cases, the court clearly states that "we have here a case where the contract between the corporation and the takers of the shares was specific that the shares should not be paid for." The court first addresses itself to the "Trust Fund" theory (upon which the plaintiffs had squarely placed themselves), and in an argument too diffuse to be reprinted here very successfully shows the inaccurate, indefinite and unsatisfactory character of that doctrine, its inapplicability to cases like those under consideration, and its uselessness even in the cases in which no practical harm would result from it. The court then proceeds to consider the implied contract theory, and says: "Another proposition which we think must be sound is that creditors cannot recover on the ground of contract when the corporation could not. Their right to recover in such cases must rest on the ground that the acts of the stockholders with reference to the corporate capital stock constitute a fraud on their rights. We have here a case where the contract between the corporation and the takers of the shares was specific that the shares should not be paid for. Therefore, unlike many of the cases cited, there is no ground for implying a promise to pay for them. The parties have explicitly agreed that there shall be no such implication, by agreeing that the stock shall not be paid for. . . . Even if the law under which the company was organized impliedly forbids the issue of stock not paid for, the result might be that such issue would be void as *ultra vires*, and might be cancelled [cold comfort, as we have seen, for the creditor]; but such a proposition would not of itself be sufficient to create an implied contract, contrary to the actual one, that the holder should pay for his stock." The court then returns to the "Trust Fund" doctrine, and after briefly stating a few of the cases which made use of that doctrine, declares its own ground for imposing a liability upon the holders of the stock, as follows: "It is difficult, if not impossible, to explain or reconcile those cases upon the 'Trust Fund' doctrine, or, in the light of them, to predicate the liability of the stockholder upon that doctrine. But by putting it upon the ground of fraud and applying the old and familiar rules of law on that subject to the peculiar nature of a corporation and the relation which its stockholders bear to it and to the public, we have at once a rational and logical ground on which to stand. The capital of a corporation is the basis of its credit. It is a substitute for the individual liability of those who own its stock. People deal with it and give it credit on the faith of it. They have a right to assume that it has paid-in capital to the amount which it represents itself as having; and if they give credit on the faith of that representation, and if the representation is false, it is a fraud upon them; and, in case the corporation becomes insolvent, the law, upon the plainest principles of common justice, says to the delinquent stockholder: 'Make that representation good by paying for your stock.' . . . It is the misrepresentation of fact in stating the amount of capital to be greater than it really is that is the true basis of the liability of the stockholder in such cases."

While plausible and convincing upon its face, this clear statement of the "Fraud" theory bears analysis no better than the "Trust Fund" theory



or the "Implied Contract" theory, which the Court had just demolished so successfully. If the last sentence of the quotation be correct it is difficult to see why the law should limit its remarks to the delinquent stockholders alone, and not address itself to all persons who made, or on whose account or for whose benefit or by whose authority the misrepresentation was made. Stockholders are not as a rule personally responsible for frauds of the corporation, but admitting that a general representation made by a corporation acting by its directors, that its capital stock is greater than it actually is, is fraudulent, and that in making it the corporation and its directors are authorized by their relative positions to bind the stockholders thereby, what is the result? Any creditor of the corporation who can show that he is in a position to take advantage of the fact of such misrepresentation can hold the corporation, its directors, and its stockholders, one and all, jointly and severally, for the full amount of his damage, up to an amount not exceeding the amount by which the capital stock as represented to be, exceeds the actual amount of capital stock. This conclusion follows inevitably from the premise under the thoroughly established principles of the law of fraud. The liability of director or shareholder would depend in no respect upon the question of whether his stock was paid up or not, but entirely upon the fact that he had joined in a fraudulent misrepresentation whereby a creditor was deceived to his injury. The fraud theory plainly proves too much, and must therefore be discarded. Moreover, if it is fraudulent to represent that the capital stock of a corporation is, say, \$100,000.00 when as a matter of fact, owing to over issue, it is but \$25,000.00, it must be equally fraudulent to represent it to be \$100,000.00 when by reason of losses it has been reduced to \$25,000.00, and if in the former case a stockholder is to be held for the fraud, he ought also to be held in the latter case—a result certainly not to be expected. Of course an individual stockholder by falsely representing to a particular creditor that his stock was fully paid might make himself liable to such creditor, but that case was not the one presented to the Minnesota court.

In *Jackson vs. Træer*, 64 Iowa 469 (884), the action was brought by a judgment creditor of a railroad company to collect from stockholders the debt due from the company. The defendants had also been creditors of the railroad company, but had accepted in full payment of their claim of \$70,000.00 capital stock of the railroad company to the amount of \$350,000.00 at par; the situation being that the railroad was unable otherwise to make payment, and that its stock had little or no actual value. The court held that the persons who had so acquired the stock were liable to the other company creditors up to the difference between the par value of the stock (\$350,000.00) and the amount of the debt (\$70,000.00), on the ground that, although the defendants had never subscribed for, nor agreed to pay for, the stock at par, but had accepted it at what was at least its full market or actual value in payment of a just debt which was not likely otherwise to be paid, yet that "by reason simply of the acceptance of the stock they became liable to pay for it the price fixed in the articles of incorporation" (i. e., the par value).

The rather startling result reached by the court would seem to require some more substantial basis than an implied contract, especially where such implication is resorted to in open hostility to the fully expressed and comprehensive agreement that was actually made. To the credit of the court, two judges dissented in a very strong opinion, declaring the majority of the court "to be radically and fundamentally wrong."

In the case of *Handley vs. Stutz*, 139 U. S. 417, decided by the Supreme Court of the United States in 1891, it appeared that a coal company was unsuccessful and required additional funds. The company was authorized to issue capital stock to the amount at par of \$200,000.00, but had only issued \$120,000.00 of it. For the purpose of procuring more working capital it was decided to issue \$50,000.00 in bonds secured by a mortgage. It was found difficult to sell these bonds unless a bonus of \$50,000.00 of stock at par was thrown in. Having authority to issue additional stock to the amount of \$80,000.00 under the charter, the stockholders voted to issue it and to give \$50,000.00 of it to the purchasers of the bonds as a bonus and to divide \$30,000.00 among themselves also as a bonus. The coal company being subsequently unable to pay its debts, creditors seek in this action to collect from the stockholders. The court said: "With regard to the original stockholders who voted for this increase of 800 shares, and then distributed among themselves 300 of those shares without the shadow of right or consideration, it is difficult to see why they should not be called upon to respond for their value. The only claim made upon their behalf is that they never agreed to contribute and pay for the same; that the stock was expressly declared to be 'fully paid' and 'free from all claims and demands upon the part of the company;' that there was no evidence that the creditors of the company knew of, or relied upon, this increase in the dealings with the company, and that they had a right to return and surrender the same, which they offered to do. There is no reason to suppose that these stockholders did not act in good faith and in the belief that they were entitled to this stock. The fact that they did not subscribe for it or agree to take it until the receipt of the certificates is immaterial, as the *acceptance* of the *certificates* is *sufficient evidence* of an *agreement* to pay their *par value*." The court did not think much of this implied agreement theory, however, for although the bondholders had *accepted certificates* (which fact the court had just said was sufficient evidence of an agreement to pay their par value), yet they were held not to be liable to pay the par value of their bonus shares, on the theory that as the company was poor and "needed the money," and as the bonds and stock together were probably not worth more than \$50,000.00 (the amount paid by the bondholders), the transaction was fair and just. The latter part of the case is excellent law, but is plainly at war with the former part.

To attempt a more technical or extended analysis of the cases above cited, or of the many other interesting and important cases that have been decided, and in which the liability of the holder of watered stock to corporation creditors was involved, might be out of place in an article written for the BULLETIN. It is enough if it has been shown that the courts of the various jurisdictions are not in agreement upon the question considered, for it is an important question, and business men may well complain when their rights under the law are uncertain and indeterminable and differ according as the questions are presented in one jurisdiction or another.

It is entirely just to demand that, in consideration of personal immunity, individuals desiring to do business in the corporate form should be required to establish for the corporation a fund, honestly equal to the amount of the capital stock which the corporation from time to time has outstanding, and even to require that known losses, whereby the stock in trade is reduced below that amount, be declared, or made good, or the company wound up, before outsiders are involved in the failure. The commercial world is distinctly the loser if the full personal liability of

individuals engaged in business can be eliminated by any devise, corporate or otherwise, if in place thereof nothing known, tangible and definite be substituted.

"Corporations are creatures of the statutes," and it is not surprising to find that the common law was unable to solve, by the application of its rigid principles, all the questions arising out of complicated corporate relations in accordance with what appears to be the better view of the justice of a given situation.

One phase of the difficulty would be eliminated if the legislatures of the several states should pass an act prohibiting the assigning of a par value to shares of stock. No over issue of stock would then be possible. While under such a plan, it might, at times, be awkward to arrive at the proper value of the shares, the effort to find such value would not be embarrassed by the presence of a wholly fictitious par value. The actual value of stock does not depend upon its par value, but it is a function of the net assets of the corporation, the number of its shares, its earning capacity, its good will, and similar elements. In considering these elements, the introduction of a nominal par value is a hindrance rather than a help, and may add that fraudulent, fictitious character which has so often troubled the courts.

Under such a plan it would seem that promoters, or the corporation itself, would be compelled to declare, not the nominal capitalization, but the actual capitalization, before anyone would either buy its shares or extend credit to it. No one would be satisfied to know merely the number of shares into which the ultimate ownership of corporate assets was divided, and more danger would attend a misrepresentation of the actual assets of the company, than now attends the making of a statement of the nominal capitalization of a corporation.

The legislatures will probably long delay before adopting such a plan, but concerted action ought to procure uniform legislation, at least in many states, rationally devised to correct the evils and abuses of watered stock. Existing statutes are logically unable to accomplish their purpose, and give rise to questions upon which, as upon the questions above considered, the courts are not in agreement.

The uniform statute, to be efficient, should proceed upon the theory that as the "capital of a corporation is a substitute for the personal liability of its stockholders," common honesty requires that its amount be fixed and known, and that the acceptance of a stock certificate ought to carry with it the obligation to pay to the corporation the proportionate part represented thereby. The legislatures are quite competent to regulate the nature of the subscription agreement, and to provide that such a consequence shall follow the acceptance of stock, even though the corporation and the stockholder otherwise agree. The courts, on the other hand, were usurping legislative functions in building up a contract for the stockholder superior to the one he actually made, and in so doing, wrought quite as much harm as was being caused by the practice which they sought to break down.

It is not enough that the law should prohibit the issue of stock at a discount, for as we have seen, a contract made in violation of such a provision would at the most only be void, and being void could not be made the basis of an increased liability; nor is it enough to provide that stock may be issued for property only to the amount of the value thereof, for the liability of a stockholder is contractual

and the terms of his contract measure his liability. The statute should provide, therefore, either that no stock should be issued except to persons who engage to pay for the same in cash or property the full par value thereof, or that the acceptance of stock certificates should of itself create, in the law, a contract to pay their par value.

Corporations are to-day necessary, and even controlling elements in our commercial system and satisfy a legitimate purpose. Their importance is such that legislatures may well seek to extend their usefulness by eliminating, so far as wise legislation can do it, those features which are essentially dishonest and tend to bring corporations and promoters into disrepute.

The multiplication of corporations whose capital stock is heavily watered is not the least of the evils that can exist under present laws, but on account of the wholly fictitious, false and fraudulent atmosphere which such companies create in the business world, it should be one of the first to be attacked, and if the legislatures were only half as eager as the courts have been, it should prove one of the easiest to correct.

### Statesmen of Commerce.

The credit men now in session in this city were called in one of the welcoming speeches by the name "Statesmen of Commerce." The comparison is an apt one. The two classes of men resemble each other in the delicacy and the onerousness of their positions and in its importance to the continuance of the organizations of which they are a part.

The credit man must know more of a man than he knows himself. He must know his assets, the condition of his business, his chances of being willing and able to pay. The experienced credit man can foresee a coming crash long before the man most interested. He can see the secret faults of location, of stock, of character in the man. In refusing credit he often renders a service to the prospective customer, which is seldom appreciated. Now and then a merchant is wise enough to take advantage of the candid opinion of an outsider and curtail rather than increase his liabilities. Usually he is not. On the other hand, the credit man, by extending credit, often puts heart into a struggling man and makes his success certain. A mark of confidence from one whose judgment is considered good is enough to strengthen a merchant's belief in himself, shaken perhaps by unexpected experiences.

The credit man must make no mistakes. There is no department of the establishment where a blunder may prove so costly. He must not reject a good customer or approve a bad one. He must use tact in ascertaining the truth and in stating it. The fortune of the house rests on his wisdom and courage. His own living is dependent upon his accuracy. A lawyer or a doctor may make mistakes and never be found out by those who employ him. A credit man can no more make mistakes without discovery than a train dispatcher can. He cannot begin over again like an artist or a writer; he must do perfect work every time. He cannot sink his personality in the mechanical performance of a duty; his personality is an essential part of his equipment for work.

The basis of modern commerce is the credit system. If we had cash sales only, trade would be made so awkward as to reduce its volume by more than half. A state of mutual distrust in which it was thought necessary to insist upon the cash every time a transaction was entered upon would be fatal to commerce. The credit man is indispensable



to the credit system. He regularly supplies the electric spark which keeps the engine going. If he feels his own importance and likes to call himself a "statesman of commerce," no one will object. The more seriously he takes himself the better. There is too much truth in the appellation to refuse it to him.—*Chicago Tribune*.

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## A LEDGER PAGE BY THE USE OF WHICH THE TIME OF BOTH ACCOUNTANT AND CREDIT MAN MAY BE ECONOMIZED.

BY J. B. THOMPSON, OF THE CHICAGO CREDIT MEN'S ASSOCIATION.

The article prepared by Mr. F. W. Risque and published in the April BULLETIN under the caption "A Ledger Page which Promptly and Unmistakably Indicates the Value of a Customer's Account," has led the writer to illustrate and explain a system of ledger rulings which he has gradually evolved and which may, as he hopes, prove helpful and suggestive to other credit men who are responsible for the condition of a large number of accounts and who cannot afford to lose time in ascertaining such conditions or in drawing off a trial balance.

It is self-evident that the larger the number of accounts, the more time is spent at the end of a month in computing pencil additions, subtractions, and putting down results; often several days are required merely to prepare these pencil balances, prior to copying them off in the balance book, and where corporations require folios, names, and balance of each account (as many do, especially from branch houses), a further period is necessary to copy these details in the balance book. Then if debit and credit totals do not agree (and it is rarely that some simple error does not occur), this drawing off of balances is generally first re-checked—often through several ledgers, such as "Private," "Purchase," "Sales," "Suspense," ledgers, etc.; then, even if a system is in force whereby it is possible to narrow the error to some one ledger, often a large number of postings have to be re-checked, consuming more valuable time—in fact, in large corporations, trial balances are seldom completed in less than five to twelve days after the last day of the month—a serious delay where the daily number of postings is very large—resulting in more or less night work.

Hence, if the time consumed in preparing computations of balances at the end of a month could be spread out over each day's posting (where a little extra time would not be missed), greater accuracy would be attained, and the drawing off of a balance be reduced to mere copy work. While, if assistant bookkeepers are employed, the posting can be continued daily without waiting to obtain an exact balance, the balance columns always showing the exact balance of an account any date desired, and an incorrect balance can always be re-checked by the balance columns.

It is axiomatic that many simple errors result from the volume of mental labor performed in the preparation of a balance; the brain wearies of the sameness of the large number of computations to be performed, and the close attention, and mental strain, necessary to attain accuracy.

In the exhibit attached, of a form of ledger rulings, after each posting is made, the computation is also made in the balance column of the current balance of the account (in ink), so that it is possible at a glance to know the exact balance, debit or credit, of every open account. (Any credit man will appreciate this advantage.)

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VD (Wilson, Salesman.) RICHARD ROE, PONTIAC, MICH.

1905.	Terms	Posting Folio.	Dr.		Cr.	Dr. Balc.		Cr. Balc.	(Pontiac Nat. Bk.)
Apr. 1	4m .....	228	42	16		42	16		8/13 dr'ft 42.16 returned 8/24
Aug. 9	" .....	174	56	92		99	08		
10	60 da .....	38	9	50		108	58		8/27 dr'ft, 1 da, 42.16. Pd 9/6
24	" .....	78		78		109	36		
Sept. 6	Cash our dr'ft. ....	20				67	20		10/19-S, 10.28 Pd 10/22
3	60 da .....	98		78	42	67	98		10/20/05 Willson 450.00
13	B/R No. 1344 due 12/12 (in red)	57			56	11	06		
Oct. 22	Cash .....	42			10		78		
24	60 da .....	76	1	21		1	99		
Nov. 8	Cash .....	50			1				
Nov. 9	4m .....	258	370	52		370	52	12/9 Note Sent.	
16	60 da .....	89	30	22		400	74		
17	" .....	90	24	22		424	96		
28	" .....	95	7	91		432	87		

FORM OF LEDGER RULING SUGGESTED BY J. B. T.

LEDGER E—AUG. 1 TO SEPT. 1/05.

FOLIO.	INITIALS.	STATEMENT.	WRITE.	DRAFT.
40	R.	<u>8/1</u>	<u>8/25</u>	<u>8/13</u> <u>8/27</u>

I venture to assert that a trial of this method will demonstrate, to any thorough accountant, that a great saving of time is made at the end of the month, a period when time is especially valuable, and once tried it will not be abandoned.

Greater attention will also be given to have each posting correct, and in practice fewer errors will result, as the mind is concentrated on each posting, under the realization that accuracy will render comparatively easy the work to be done at the end of the month. In Chicago this form of ledger has been used by several corporations for years, with extremely satisfactory results, and a bookkeeper who at first objects to the form as difficult and impractical, after a trial, makes it a fixture.

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to credits, can be here noted, thus acting as a veritable guide-board for a "credit man"—enabling him to utilize the labor, methods and knowledge the bookkeeper has displayed and recorded, and generally it greatly facilitates the formation of correct conclusions relating to credits.

I also give in this connection a form of a diary "Tickler," to be used by the bookkeeper or collection clerk.

Writers of text-books on bookkeeping, while very fully treating all questions of theoretical accounting, are as silent as clams on descriptions of methods and forms used in collecting accounts receivable, hence accountants are compelled to study out for themselves a method, and very often such methods are complicated and time-consuming heirlooms. After many years of experiment, I have found the attached form of a collection "tickler" to be very satisfactory, especially on a very large number of accounts. Once a month (generally about the middle of the month is most convenient) I begin at page one of the sales ledgers, examine the account, and if any bill is past due or to mature within a month, a record is made (of folio, initial of account and date any action is necessary) under one of the three headings. For example, in the attached transcript of account of "Richard Roe," his first payment matures Aug. 1, hence on the "tickler" he is recorded for a statement Aug. 1 (statements are sent out as bills mature, or average date several mature, and not, as is the custom of many firms, sent out monthly). On Aug. 1 he is mailed a statement (date and amount of which is recorded in pencil in blank space at right of ledger account), a pencil is drawn through the "8-1" (under heading of "statement") and under "draft" heading he is put down to be drawn on "8-13" (in case he fails to remit earlier). On "8-13" a draft is made, a pencil or pen cancellation made of that date, and a date, "8-25," put down under heading "write," meaning to write Roe and also his bank (if necessary dictating to a stenographer where there is a memorandum kept of a large number of such letters to be written) on "8-25," requesting payment of draft in case proceeds are not received promptly. In this case the draft was returned unpaid, 8-24 from the bank without comment, and no reason being received, a new draft was made on "Roe," 8-27, which was paid on 9-6.

Each ledger page is thus examined and a record made under its proper heading and date, in case any amount is due. Going through the sales ledger in this manner takes but a few hours once a month, and where several ledgers are used, let several days elapse between dates of making up the "ticklers." Then daily, semi-weekly or weekly, as convenient, all accounts due can be "dunned," it being necessary only to open the "tickler," refer to such ledger pages as show treatment is necessary on that particular day, and do what is necessary, making a record on the "tickler" when further action is necessary (if within date the "tickler" runs, if not, then next month, when preparing your "tickler," the record on the ledger page in pencil will show what action is again necessary, and date when).

A record on ledger folio, in the blank space to right of the account, in ink or pencil (what action was taken and date when), is thus formed, which in time becomes very valuable. By it the financial position of any customer can be read, as if on a barometer, at a glance, and often it can be predicted by examining the past record of an account what will occur in the future, when a customer will be in funds, or when he will probably request a favor, etc.

These methods and forms may seem to the uninitiated complicated and tedious, consuming much time, but really, in practice, the reverse is the case, while the accountant is slowly but surely building up, acquiring



and assimilating a fund of information that will not only benefit the business, but render him a necessity to the business, qualifying him to step up to a higher position of "credit man" or "office manager," and will put into effect an office system that will gradually harmonize and embrace the entire office force.

## MUST REGISTER TRUE NAME IN MASSACHUSETTS.

### CHAPTER 539.

AN ACT relative to recording names and residences of persons engaged in or transacting business under names other than their own, either individually or as members of firms or partnerships.

*Be it enacted, etc., as follows:*

Section 1. Any person or persons conducting or transacting business in this Commonwealth under any name, designation or title other than the real name or names of the person or persons conducting or transacting such business, whether individually or as a firm or partnership, shall file in the office of the clerk of the city or town in which the place or places of business or office or offices of any such person, firm or partnership may be situated, a certificate stating the full name and residence of each person engaged in or transacting such business. The clerk shall keep a record of such certificates, and an index of the names of such persons, firms and partnerships, entering in such index in alphabetical order the name of every person and the title under which he does business, and of every firm or partnership and the names of the members thereof.

Sec. 2. This act shall not apply to any corporation doing business under its true corporate name, nor to any firm or partnership doing business under any name, designation or title which includes the true surname of any partner, nor to associations duly authorized to transact insurance in the Commonwealth under the provisions of section eighty-six of chapter one hundred and eighteen of the Revised Laws; nor to any firm, partnership, joint stock company or association the business of which is conducted or transacted by trustees under a written instrument or declaration of trust, provided that the names of such trustees with a reference to such instrument or declaration of trust shall be filed as provided in section one.

Sec. 3. Any person who violates the provisions of this act shall be liable to a fine of not more than one hundred dollars for each month during which such violation continues.

Sec. 4. This act shall take effect on the first day of January in the year nineteen hundred and eight.

Approved June 21, 1907.

## The Convention of the National Association of Retail Mercantile Agencies.

The second annual convention of the National Association of Retail Credit Agencies was held in Louisville, Ky., during the week of August 12th. There was a large attendance of delegates from agencies located in all parts of the country.

One of the matters before the convention was the changing of the name of the organization by substituting "Mercantile" for "Credit," resulting in the title "National Association of Retail Mercantile Agencies," to avoid confusion of name which often has occurred with the National Association of Credit Men.

The convention took a firm stand on the "fake" collection agency

problem, especially against the concerns which move from city to city victimizing large numbers of merchants.

President Wm. H. Burr, of Rochester, in the annual address of the president, considered the tendency of the times for men in all conditions to live beyond their means, to spend to-day what they expect to earn to-morrow, instead of saving a part of their earnings. He stated that these are the conditions for which the mercantile agencies should always be on the alert in determining the value of a credit risk, for when financial stringency comes the patron of the credit house will be without the means of meeting his engagements. He felt that the retail mercantile agencies could exert a moral influence against the commercial evils arising from this state of extravagance.

At the banquet held at the Seelbach, President Frank M. Gettys, of the National Association of Credit Men, was one of the principal speakers. He paid a high compliment to the association for the progress it has made during its comparatively short life, and expressed the belief that a great future was ahead of the organization.

The following officers were elected for the ensuing year: William H. Burr, president, Rochester, N. Y.; William A. Morgan, 1st vice-president, Boston, Mass.; H. A. Appling, 2d vice-president, Louisville, Ky.; William P. Thompson, secretary, New York, N. Y., and William Sherman Rauch, treasurer, Newark, N. J.

#### CREDIT AND COMMERCIAL CASES FOR THE MONTH.

PREPARED FOR THE BULLETIN BY GEORGE H. MURDOCH, JR., ST. LOUIS, MISSOURI.

*Accord and Satisfaction.*—It is a well settled rule that an acceptance of part of a debt when due, in satisfaction of the whole, does not operate as a bar to the recovery of the residue; but this rule does not apply to payment made before the debt matures or at a place other than where it was made payable.—*Flener vs. Flener*, 99 S. W. (Ky.) 258.

*Agreement to pay Debt of Another.*—A written agreement, expressing no consideration, was signed by defendant, whereby he agreed to assume one-half of the liability of one S. under a guaranty contract, executed by S. for the benefit of plaintiff. *Held*, that the agreement was void under Rev. St. 1898, Sec. 2307, requiring every contract to answer for the debt of another to be in writing expressing the consideration.—*Klee vs. Stephenson*, 110 N. W. (Wis.) 479.

*Attaching Property in Hands of Trustee.*—Where an insolvent placed all his property in the hands of a trustee, with directions to pay certain debts, to the exclusion of a debt due a certain creditor, such creditor was entitled to an attachment, since such placing of the property was in law a fraud on the creditor's rights, even though the debtor acted with honesty of purpose.—*Frank vs. Minsterketter*, 99 S. W. (Ky.) 219.

*Bankruptcy—Priority of Debts.*—By the civil law which is in force in New Mexico, except as changed by statute, community property acquired by either husband or wife during the marriage, whether by purchase or their individual or joint labor, is held by them as partners, being primarily a fund for the payment of community debts, and on the bankruptcy of a husband having only a community estate, the claims of an ante-nuptial creditor must be postponed until those of community creditors are satisfied in full.—*In re Chavez*, 149 F. (U. S.) 73.

*Compromise and Settlement.*—A settlement will not be set aside except on clearest proof of mistake, especially where all evidences of prior indebtedness were canceled and surrendered and a new note given,

and it is conclusively presumed, in the absence of fraud or mistake, that unpaid portions of prior debts are merged in the new debt evidenced by the note.—*Crabtree vs. Sisk*, 99 S. W. (Ky.) 268.

*Disposition of Mortgaged Chattels.*—Where chattels covered by a mortgage are sold by the mortgagor with the acquiescence of the mortgagee, and the proceeds are applied to any other purpose than that of liquidating the mortgage debt, the mortgage is void at the instance of creditors of the mortgagor.—*Wellington vs. Terry*, 88 P. (Col.) 467.

*Discharge of Wife as Surety.*—If, as surety for her husband, a wife sign his note and secure it by a mortgage of her own estate, an agreement extending the time for the payment of the note, which discharges her personal liability, will discharge the mortgage security also.—*Diehl vs. Davis*, 88 P. (Kan.) 532.

*Foreign Corporation—Doing Business in State.*—A single isolated transaction, such as the sale and delivery of a machine by a foreign corporation to a person within the state, is not doing business within the state within the meaning of Chapters 69 and 70, pp. 68, 71, Laws 1899 (Rev. Laws, 1905, Sections 2888-2890).—*W. H. Lutes Co. vs. Wysong*, 110 N. W. (Minn.) 367.

*Mortgage on After Acquired Property.*—A duly recorded chattel mortgage on after-acquired property under the law of Ohio is valid as between the parties, and becomes a valid lien as of its date as against the mortgagor's general creditors when the property is taken into possession by the mortgagee. Hence such taking possession within four months prior to the mortgagor's bankruptcy does not create a lien nor operate as a preferential transfer within Bankr. Act 1898, Section 60a, c. 541, 30 Stat. 562 [U. S. Comp. St. 1901, p. 3445], as amended in 1903 (32 Stat. 799, c. 487 [U. S. Comp. St. Supp. 1905, p. 689], since the lien so perfected by the taking of possession relates back to the date of the mortgage.—*Fisher vs. Zollinger*, 149 F. (U. S.) 54.

*Obligation to Accept Under Contract of Sale.*—A contract between defendant, a retail dealer in fruit, and plaintiff, an importer, provided that defendant should accept all fruit shipped to him, and in case of any complaint as to the fruit, make a claim for damages. Thereafter defendant ordered a carload of "reject" bananas, "cargo run," but on delivery refused the car, and in an action for the price it was shown that bananas when loaded into plaintiff's boats were stored in various compartments according to the number of "hands" on a single stem; that if a bunch that would ordinarily qualify as a "nine" was defective because of a malformed, undeveloped, or absent hand it was known as a "reject," the classification having nothing to do with the quality or character of the fruit, and that the phrase "cargo run" meant the run of the fruit as unloaded bunch by bunch from the vessel. Held, that, though the condition or quality of the fruit was unsatisfactory to defendant, he was bound to accept it if it was of the grade or class ordered, and then pay for it and submit a claim.—*Fruit Dispatch Co. vs. Le Seno*, 110 N. W. (Mich.) 526.

*Partnership—Execution of Firm Note.*—Either member of a "trading partnership," that is, one requiring capital and credit, has power to execute the note of the firm for its debts.—*Hatchett & Large vs. Sunset Brick & Tile Co.*, 99 S. W. (Tex.) 174.

*Provable Debts in Bankruptcy.*—Where a debtor gave to his creditor a series of notes indorsed by a third person, pursuant to an agreement for the compromise and settlement of the debt, which provided that in case of default in the payment of any of the said notes the whole of the debt, "less any payments made in pursuance of this agreement and any collections by legal proceedings or otherwise made upon any of the said

notes shall become due and payable therewith" the bringing of action upon the notes against the principal and indorser after default in their payment was not an election by the creditor between consistent remedies, and does not debar him from also proving the original debt, less proper credits, against the estate in bankruptcy of the debtor.—*Du Vivier & Co. vs. Gallice*, 149 F. (U. S.) 118.

**Ratification by Partner.**—A contract for purchase of bricks, made in the name of the firm by one of the partners, without the knowledge of the other partner, even if not within the scope of the partnership, is ratified by the other partner knowing of it before delivery of the bricks and not then repudiating it.—*Hatchett & Large vs. Sunset Brick & Tile Co.*, 99 S. W. (Tex.) 174.

**Subrogation to Lien.**—Complainants, husband and wife, having both executed a valid mortgage on their homestead to a bank, induced defendant to pay the debt after it fell due, whereupon the bank's mortgage and note were delivered to defendant, who restrained it until another note and mortgage were executed to defendant, which was, in fact, not signed by the wife, though it purported to bear her signature. *Held*, that defendant was entitled to subrogation to the rights of the bank under the original mortgage, though it was not assigned to him when he paid the debt, and no express agreement was proved that defendant should hold the bank's mortgage as security for the debt until another valid mortgage was executed.—*Davies vs. Pugh*, 99 S. W. (Ark.) 78.

**Validity of Chattel Mortgage.**—A chattel mortgage of a drug stock which provides that the mortgagor shall keep the stock up to its present standard and not permit it to run down, and that, if the notes thereby secured are not paid when due, that mortgagee may take possession and sell the stock in the usual conduct of business to pay the notes in default, and which does not authorize the mortgagor to sell the mortgaged chattels and retain the proceeds of sales to his own use, is not, on its face, fraudulent as against the mortgagor's creditors.—*Fleisher vs. Hinde*, 99 S. W. (Mo.) 25.

## WANTS.

**CREDIT MAN AND AUDITOR**—A party who is now acting as credit man and auditor desires to make connections with a house where loyal service and ability in credits and auditing work will be appreciated. Address C. P., care Chas. E. Meek, 41 Park Row, New York, N. Y.

**WANTED**—A party who has been for many years and is still connected with a wholesale dry goods house in a small city, as its secretary and financial man, desires to connect with a house located in a larger field where there is a better opportunity for advancement. Correspondence is requested. Address L. L., Care Chas. E. Meek, 41 Park Row, New York, N. Y.

**WANTED**—By a New York man who has had valuable experience in the management of the credit department of banking institutions, a position where knowledge of credit department work will be valuable. His services, where he is now employed, are satisfactory, but he prefers to make a change. References of the highest class will be furnished inquirers. Address B. N., Care Chas. E. Meek, 41 Park Row, New York, N. Y.

**SITUATION WANTED**—Chicago attorney, experienced in commercial and corporation law and up-to-date collection methods, in making collection through correspondence with debtors and through other attorneys, desires situation. Is a hard worker, not afraid of work and can handle a large volume and produce maximum results at minimum expense. Address "Collections," Care C. E. Meek, 41 Park Row, New York City.



**WANTED**—By a capable and energetic man who has recently been treasurer, financial, and credit man of a large manufacturing concern which has closed its business, a similar position. Has had over twenty years' experience in the banking business and in handling credits. Highest references furnished. Address Treasurer, Care Chas. E. Meek, 41 Park Row, New York, N. Y.

**WANTED**—By a thoroughly equipped commercial law firm, a bright, active young man to solicit from credit men their mercantile collections and litigated matters. The work would be mostly in Philadelphia, but would take him also to New York and parts of Pennsylvania. Fair salary will be paid to start with. Address W. S. Furst, 501-506 Stephen Girard Building, Philadelphia, Pa.

**CREDIT MAN**—A party of long experience in credit and office work in the paint and oil trade desires to make a new connection. He can furnish the best of references as to character and ability. His general knowledge of business will make him valuable in lines in which he has not specifically had his experience. Address E. B., Care Chas. E. Meek, 41 Park Row, New York N. Y.

**GENERAL OFFICE OR CREDIT MAN**—Wanted, a position to manage office or credit department. Have had thirty years' experience in wholesale business, mostly in office and credit departments. Large experience with Kentucky and Southern trade. Good references. Address W. H. W., Care C. E. Meek, 41 Park Row, New York, N. Y.

**WANTED**—Position where ability and loyalty will be appreciated; have held present position about ten years as Chief Clerk and Credit Man, also have had charge of Accounting Department which uses up-to-date collection and accounting methods; desires to make a change for personal reasons. Address J. H. R., Care Chas. E. Meek, 41 Park Row, New York, N. Y.

**WANTED**—Position as Credit Man or Assistant, by party 27 years of age, who speaks German and English. Energetic and conservative. Three years' experience with a subsidiary of U. S. Steel Corporation under one of the most capable credit men in the profession. At present salesman for export house. References and bond if required. Address C. S., Care Chas. E. Meek, 41 Park Row, New York, N. Y.

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- MINNEAPOLIS, MINN.**—Minneapolis Credit Men's Association. President, J. H. Hiscock, Minneapolis Furniture Co.; Secretary, M. C. Badger, Patterson & Stevenson Co.
- NASHVILLE, TENN.**—Nashville Credit Men's Association. President, J. L. McWhorter, Montgomery-Moore Mfg. Co.; Secretary, Geo. M. Thomas, American Bldg.; Assistant Secretary, Chas. H. Warwick.
- NEWARK, N. J.**—Newark Association of Credit Men. President, W. A. Hart, L. S. Plaut & Co.; Secretary, J. Fred Braun, Y. J. Hockenjos Co.
- NEW ORLEANS, LA.**—New Orleans Credit Men's Association. President, Geo. K. Smith, Simonds Mfg. Co. Ltd.; Secretary, T. J. Bartlette, Williams, Richardson & Co., Ltd.
- NEW YORK, N. Y.**—The New York Credit Men's Association. President, W. S. Armstrong, American Felt Co.; Secretary, A. H. Alexander, 320 Broadway.
- NORFOLK, VA.**—Norfolk Credit Men's Association. President, Chas. Hoofnagle, The Four Co.; Secretary, C. L. Conradt, Old Dominion Tobacco Co.; Assistant Secretary, H. N. Poulson.
- OKLAHOMA CITY, OKLA.**—Oklahoma City Credit Men's Association. President, T. D. Turner, T. D. Turner & Co.; Secretary, Geo. H. Thomas, The Credit Clearing House.
- OMAHA, NEB.**—The Omaha Association of Credit Men. President, T. W. Austin, American Hand-Sewed Shoe Co.; Secretary, E. G. Jones, Credit Clearing House.
- PHILADELPHIA, PA.**—The Philadelphia Credit Men's Association. President, Charles G. Rapp, Young, Smyth, Field Co.; Secretary, S. W. Severson, Room 801, No. 1011 Chestnut Street.
- PITTSBURGH, PA.**—Pittsburgh Association of Credit Men. President, W. A. Given, The Pittsburgh Dry Goods Co.; Secretary, Elliott Frederick, 716 Frick Bldg.

- PORTLAND, ORE.**—Portland Association of Credit Men. President, E. B. Rutherford, M. Sells & Co.; Secretary, E. M. Underwood, Failing, Haines & McCalman.
- RICHMOND, VA.**—Richmond Credit Men's Association. President, John Landstreet, R. A. Patterson Tobacco Co.; Secretary, Jo. Lane Stern, 1014 Main Street.
- ROCHESTER, N. Y.**—The Rochester Credit Men's Association. President, Philip Present; Secretary, Edward Weter, Yawman & Erbe Mfg. Co.
- ST. JOSEPH, MO.**—St. Joseph Credit Men's Association. President, C. R. Bernard, John S. Brittain D. G. Co.; Secretary, F. H. Shackelford, Geo. Cooke Crockery Co.
- ST. LOUIS, MO.**—The St. Louis Credit Men's Association. President, J. H. Conrades, J. H. Conrades, C. & P. Furn. Co.; Secretary, A. H. Foote, Dolph Bldg.
- ST. PAUL, MINN.**—St. Paul Credit Men's Association. President, H. A. Baker, Foley Bros. & Kelly; Secretary, H. W. Parker, Merchants' National Bank.
- SALT LAKE CITY, UTAH.**—The Utah Association of Credit Men. President, Arthur Parsons. Assistant Secretary and Manager, Herbert Van Dam, P. O. Box 419.
- SAN ANTONIO, TEX.**—San Antonio Association of Credit Men. President, Jake Wolff, J. Oppenheimer & Co.; Secretary, G. A. C. Half, A. B. Frank Co.
- SAN DIEGO, CAL.**—The Credit Association of San Diego. President, J. P. Haddock, Cook-Haddock Co.; Secretary, Sam Ferry Smith, 841 Fifth Street.
- SAN FRANCISCO, CAL.**—San Francisco Credit Men's Association. President, G. Brenner, Elkus-Brenner Co.; Secretary, Ben Armer, 2707 Sacramento Street.
- SAVANNAH, GA.**—Savannah Credit Men's Association. President, W. F. Scherff, S. Guckenheimer's Sons; Secretary, W. J. Donlan, Chamber of Commerce.
- SEATTLE, WASH.**—Seattle Credit Men's Association. President, Geo. F. Telfer, National Grocery Co.; Secretary, J. W. Spangler, Jr., Dexter, Horton & Co.
- SIOUX CITY, IA.**—Sioux City Bureau of Credits; President, R. M. Baker, 1437 Douglas Street; Secretary-Treasurer, C. N. Lukes, Security National Bank.
- SIOUX FALLS, S. D.**—Sioux Falls Credit Men's Association. President, J. P. Adams, Haley & Lang Co.; Secretary, R. J. Cone, Manchester Biscuit Co.
- SPOKANE, WASH.**—Spokane Merchants' Association. President, A. W. Doland, Spokane Drug Co.; Secretary, J. B. Campbell, 610 Empire State Bldg.
- TOLEDO, O.**—Toledo Association of Credit Men. President, J. H. Paddock, The Paddock-Overmyer Co.; Secretary, Lewis B. Hall, 1223 Ohio Bldg.
- TROY, N. Y.**—Troy Credit Men's Association. President, Hugh Galbraith, The Boutwell Milling & Grain Co.; Secretary, Wm. Colvin, Jr., Josiah Young.
- WHEELING, W. VA.**—The Wheeling Credit Men's Association. President, Chas. W. Franzheim, The Wheeling Potteries Company; Secretary, Samuel W. Harper, Harper & Bro.
- WICHITA, KAN.**—Wichita Credit Men's Association. President, Willis Davis, Southwestern Drug Co.; Secretary, F. W. George, Shattuck-George Iron Co.
- YOUNGSTOWN, O.**—Youngstown Credit Men's Association. President, F. G. King, The Youngstown D. G. Co.; Secretary, Charles W. Gilgen, Chamber of Commerce.

## Directory of Adjustment Bureaus.

Bureaus for the adjustment of insolvent estates are operated in the following cities, under the authority and supervision of their local Associations of Credit Men. All are affiliated branches of the National Association of Credit Men. Address all communications on Adjustment Bureau matters to the parties named:

- BALTIMORE, MD.**—S. D. Buck, Maryland National Bank Building.
- BUFFALO, N. Y.**—F. Whittlesey, 39 Erie Street.
- CHICAGO, ILL.**—M. C. Rasmussen, Mgr., 218 La Salle St.
- CINCINNATI, OHIO**—Henry Bentley, 1201 Union Trust Building.
- CLEVELAND, OHIO**—W. E. Rice, 209 American Trust Building.
- COLUMBUS, OHIO**—B. G. Watson, 601-605 The New First National Bank Bldg.
- DALLAS, TEXAS**—W. P. Peter, 214-218 Linz Building.
- DENVER, COLO.**—C. N. Kinney, 409 Sugar Building.
- DES MOINES, IOWA**—A. W. Brett, 218 Clapp Block.
- FORT WORTH, TEXAS**—Geo. Q. McGown, Reynolds Building.
- GRAND RAPIDS, MICH.**—R. J. Cleland, 427 Houseman Building.
- KANSAS CITY, MO.**—Frank W. Yale, 770 Gibraltar Building.
- LOS ANGELES, CAL.**—W. C. Mushet, Bullard Building.
- LOUISVILLE, KY.**—R. Ruthenburg, United States Trust Co. Building.
- MEMPHIS, TENN.**—H. A. Burkhardt, 204 Royal Building.
- MILWAUKEE, WIS.**—S. Fred. Wetzler, 64-67 Loan and Trust Bldg.
- MINNEAPOLIS, MINN.**—F. H. Suffel, 666 Gilfillen Block, St. Paul, Minn.
- NASHVILLE, TENN.**—George M. Thomas, American Building.
- NEW ORLEANS, LA.**—H. M. Horton, Godchaux Building.
- NEW YORK, N. Y.**—Bureau of Insolvency Claims, Room 1117, 320 Broadway.
- PHILADELPHIA, PA.**—Edmund S. Mills, Room 801, 1011 Chestnut Street.
- PITTSBURGH, PA.**—Geo. E. Reynolds, 716 Frick Building.
- PORTLAND, ORE.**—R. L. Sabin, No. 1 Front Street.
- RICHMOND, VA.**—Jo. Lane Stern, 1014 Main Street.
- ROCHESTER, N. Y.**—I. A. Wile, 1008 Granite Building.
- ST. JOSEPH, MO.**—Sidney Beery, German-American Bank Building.
- ST. PAUL, MINN.**—F. H. Suffel, 666 Gilfillen Block.
- SALT LAKE CITY, UTAH**—Herbert Van Dam, P. O. Box 419.
- SAN DIEGO, CAL.**—Sam Ferry Smith, 841 Fifth Street.
- SEATTLE, WASH.**—I. H. Jennings, 312 Bailey Building.
- SPOKANE, WASH.**—J. B. Campbell, 610 Empire State Building.
- YOUNGSTOWN, OHIO**—W. C. McKain, Dollar Savings and Trust Building.